

J&E Hall Limited

Annual report and financial statements

for the year ended 31 March 2016

Company Registration number: 03120673

J&E Hall Limited

Annual report and financial statements for the year ended 31 March 2016

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J&E Hall Limited

Annual report and financial statements for the year ended 31 March 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Y Watanabe
C Capozio
M Roberts
B Liow
VP Chen
A Proffitt
I Creasey

COMPANY SECRETARY

I Creasey

REGISTERED OFFICE

Questor House
191 Hawley Road
Dartford
Kent
DA1 1PU

BANKERS

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
NE1 4QL

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditor
One Trinity Gardens
Broad Chare
Newcastle upon Tyne
United Kingdom
NE1 2HF

J&E Hall Limited

STRATEGIC REPORT

The directors present their strategic report, annual report and the audited financial statements for the year ended 31 March 2016.

BUSINESS REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES

The strategic report has been prepared using FRS102 for the year ended 31 March 2016 and its comparative year.

Having adopted the new standard the directors are disappointed to report a pre-tax loss of £56,000 (2015: a loss of £30,000) but in difficult circumstances are pleased to report an operating profit at £632,000 (2015: £859,000).

The loss before tax arose mainly from the cost of the pension scheme under FRS102 of £1,367,000. In the prior year, under FRS17 the cost of the pension scheme to the profit and loss account was £765,000, but under FRS102 this has been re-stated to £1,407,000.

The markets within the company's sector remained competitive and the company saw a fall in its revenues by 5%. However, despite this margins were improved by an additional 2% over the prior year.

Backlog at the end of March 2016 was reduced by 2.4% compared to the corresponding year with order intake 10.1% lower than the 2015 financial year. However, owing to the nature of larger contracting and installation projects, the company expects fluctuations in order intake owing to variations in timing.

Debtor days reduced to 55 days (2015: 59 days). Working capital of £7,150,000 (net current assets excluding cash and overdraft) at the end of the year decreased compared to the prior year (2015: £7,679,000). As a proportion of annual sales this equates to 16.7% and 17.1% respectively.

Overall net borrowing (cash, overdraft and loans) decreased by £1,863,000.

The company continues to see challenges within the oil and gas industry. While continuing to seek expansion in this sector, the company is also deploying resources to strengthen its presence within its other markets.

The company continues its investment in bringing new compressor products to the market that will benefit its Direct Product sales business as well as promoting the Contracting and Service businesses.

Agreement has been reached with the trustees of the J&E Hall Pension Scheme in respect of the 2015 valuation and the future funding of the scheme. As a result of the agreement it is planned that the deficit will be repaid over 14 years. The pension liability has fallen by £1,235,000.

J&E Hall provides goods and services throughout the world and there is the possibility that performance could be impacted if economic changes occur, in markets such as Europe, Middle East and countries in the Asia region. Overseas sales also bring fluctuations in currency exchange rates. To mitigate currency related risks, the Company takes out short-term forward foreign exchange contracts. However, exchange rate related risk cannot be completely avoided.

Future Developments

At the date of this report the directors are not aware of any likely major changes in the company's activities during the next year or of any significant events beyond the control of the company which have occurred or are expected to occur, which could be likely to have a significant impact on earnings or on the course of the business

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign currency exchange forward contracts in order to fix the value of sales and purchases in foreign currencies thereby reducing the financial risk of exchange rate fluctuation.

Credit Risk

The company's principal financial assets are bank balances, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The company has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

J&E Hall Limited

STRATEGIC REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk

In order to maintain liquidity and to ensure that sufficient funds are available for on-going operations and future developments, the company uses a mixture of inter group borrowings and bank overdraft. Further details can be found in note 1 of the notes to the financial statements.

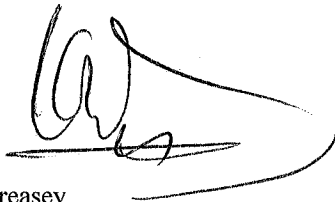
Daikin Industries Limited issued a letter of undertaking to Barclays Bank plc regarding the overdraft and guarantee facilities.

Pension Risk

The company operates two pension schemes one of which is a defined benefit scheme. The pension fund liabilities are partially matched with a portfolio of assets, which leaves potential risk around the amount of the liabilities as a result of changes in life expectancy, inflation, future salary increases, risks regarding the value of investments, the returns derived from such investments and the Pension Protection Fund levy. In addition, actions by the Pensions Regulators or the Trustees and/or any material revisions to the existing pension legislation could require increased contributions by the company to the pension fund.

The pension trustees, in consultation with the company, regularly review the scheme's investment strategy to maximise asset returns and to diversify investment risk and the company takes professional advice regarding options to manage liability volatility.

Approved by the board of directors and signed on behalf of the board



I Creasey
Director
27 January 2017
Questor House
191 Hawley Road
Dartford
Kent
DA1 1PU

J&E Hall Limited

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 31 March 2016.

The loss after taxation for the year amounted to £303,000 (2015: loss of £124,000), after adopting FRS 102 and reducing the deferred tax rate to 18%.

There were no dividends paid during the year (2015: £nil) and the directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY

The principal activity of the company is the supply, installation and servicing of refrigeration and freezer products and systems.

Financial risk management objectives and future developments are presented in the Strategic Report on pages 2 to 3 as the directors consider these areas to be of strategic importance to the company.

GOING CONCERN

The company's forecasts and projections, taking account of reasonably possible changes in trading performance of both itself and the other UK resident members of the group of companies headed by AAF McQuay UK Limited ("the UK Group"), show that the company and the UK group should be able to operate within the level of its current facilities for the foreseeable future. The UK group continues to hold discussions with its bankers about its future borrowing needs and no matters have been brought to its attention to suggest that future renewal may not be forthcoming on acceptable terms.

Further details regarding the adoption of the going concern basis can be found in note 1 of the notes to the financial statements.

All members of the AAF McQuay UK Ltd group, of which the company is one, continue to enjoy the support of the ultimate parent company, Daikin Industries Ltd.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently were as follows:

C Capozio
M Roberts
Y Watanabe
B Liow
VP Chen
A Proffitt
I Creasey

Director's Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

J&E Hall Limited

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company intranet system and a special annual business roadshow to inform employees of the annual financial performance. The company has an inherent People Centred Management philosophy where employee representatives are consulted regularly on a wide range of matters affecting their current and future interests for the mutual benefit of all.

The company gives full and fair consideration to applications for employment made by disabled persons. The company's policy includes, where practicable, the continued employment of those who become disabled during their employment. Equal training facilities are provided for disabled and other employees to improve performance, to learn new skills and to qualify for promotion.

CHARITABLE CONTRIBUTIONS

Donations to UK charities amounted to £750 (2015: £1,150).

AUDITOR

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

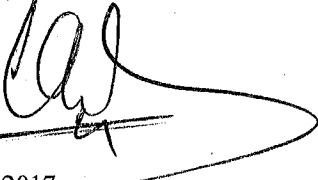
Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. Daikin Industries Limited, the company's ultimate shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by Daikin Industries Limited, as the ultimate parent of the entity.

Approved by the Board and signed on its behalf by:


I Creasey
Director
27 January 2017
Questor House
191 Hawley Road
Dartford
Kent
DA1 1PU

J&E Hall Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the members of J&E Hall Limited

We have audited the financial statements of J&E Hall Limited for the year ended 31 March 2016 which comprise the Profit and loss Account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and 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 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 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

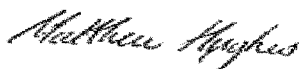
Opinion on other matter prescribed by the Companies Act 2006

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.

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, 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.



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, United Kingdom
27 January 2017

J&E Hall Limited

Profit and loss account

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Turnover	3	42,798	45,038
Cost of sales		(34,824)	(37,576)
Gross profit		7,974	7,462
Distribution costs		(2,630)	(2,184)
Administrative expenses		(4,712)	(4,419)
Operating profit		632	859
Interest payable and similar charges	4	(163)	(299)
Other finance charges	4	(525)	(590)
Loss on ordinary activities before taxation	5	(56)	(30)
Tax on loss on ordinary activities	9	(247)	(94)
Loss for the financial year attributable to the equity shareholders of the Company		(303)	(124)

J&E Hall Limited

Statement of comprehensive income

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Loss for the financial year		<u>(303)</u>	<u>(124)</u>
Re-measurement of net defined benefit liability	21	1,346	(2,306)
Tax (charge)/credit relating to components of other comprehensive income/(expense)		<u>(389)</u>	<u>461</u>
Other comprehensive income/(expense)		<u>957</u>	<u>(1,845)</u>
Total comprehensive income/(expense) attributable to equity shareholders of the Company		<u>654</u>	<u>(1,969)</u>

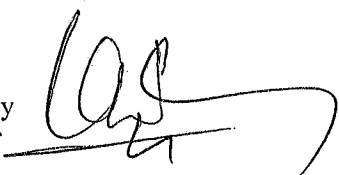
J&E Hall Limited

Balance sheet At 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	10	-	181
Tangible assets	11	959	631
Investments	12	1,815	1,815
		<u>2,774</u>	<u>2,627</u>
Current assets			
Stocks	13	3,430	4,630
Debtors			
- due within one year	14	12,219	13,509
- due after one year	14	2,670	3,214
Cash at bank and in hand		128	-
		<u>18,447</u>	<u>21,353</u>
Creditors: amounts falling due within one year	15	<u>(10,629)</u>	<u>(11,707)</u>
Net current assets		<u>7,818</u>	<u>9,646</u>
Total assets less current liabilities		<u>10,592</u>	<u>12,273</u>
Creditors: amounts falling due after one year	16	(10,500)	(11,500)
Provisions for liabilities	17	(588)	(688)
Net pension liability	21	(14,833)	(16,068)
Net liabilities		<u>(15,329)</u>	<u>(15,983)</u>
Capital and reserves			
Called-up share capital	19	8,000	8,000
Profit and loss account		(23,329)	(23,983)
Shareholders' deficit		<u>(15,329)</u>	<u>(15,983)</u>

The financial statements of J&E Hall Limited (registered number 03120673) were approved by the board of directors and authorised for issue on 27 January 2017. They were signed on its behalf by:

I Creasey
Director



J&E Hall Limited

Statement of changes in equity

At 31 March 2016

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 31 March 2014 as previously stated	8,000	(21,905)	(13,905)
Changes on transition to FRS 102 (see note 25)	-	(109)	(109)
At 1 April 2014 as restated	8,000	(22,014)	(14,014)
Loss for the financial year	-	(124)	(124)
Re-measurement of net defined benefit liability	-	(2,306)	(2,306)
Tax relating to items of other comprehensive expense	-	461	461
Total comprehensive expense	-	(1,969)	(1,969)
At 31 March 2015	8,000	(23,983)	(15,983)
Loss for the financial year	-	(303)	(303)
Re-measurement of net defined benefit liability	-	1,346	1,346
Tax relating to items of other comprehensive income	-	(389)	(389)
Total comprehensive income	-	654	654
At 31 March 2016	8,000	(23,329)	(15,329)

J&E Hall Limited

Notes to the financial statements

For the year ended 31 March 2016

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

J&E Hall Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 25.

The functional currency of J&E Hall Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

J&E Hall Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. J&E Hall Limited is consolidated in the financial statements of its ultimate parent, Daikin Industries Ltd, which may be obtained at the address given in note 24. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position, risks and uncertainties are set out in the Strategic Report on page 2-3.

As highlighted in notes 15, 16 and 22 to the financial statements, the company meets its day to day working capital requirements through an overdraft facility which is shared with the rest of the UK resident members of the group of companies headed by AAF McQuay UK Limited ("the UK group") and through inter-company loans from AAF McQuay UK Ltd. The UK group's overdraft and guarantee facility with Daikin Industries Limited through Citibank was closed on 31 March 2016 when it was replaced by a extending a borrowing facility provided by Daikin Europe NV. The UK group overdraft and guarantee facility with Barclays Bank plc was renewed on 31 March 2016 and continues until renewed or cancelled. While the current economic conditions create uncertainty over the level of demand for the company's products and uncertainty over future exchange rates creates some uncertainty in some manufacturing cost, the company finds that bank finance is more available through being a subsidiary of Daikin Industries Ltd than it would be for an independent company of its size.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance of both itself and the other members of the UK group, show that the company and group should be able to operate within the level of its current facilities. The UK group continues to hold discussions with its bankers about its future borrowing needs and no matters have been brought to its attention to suggest that future renewal may not be forthcoming on acceptable terms.

The directors have received an assurance from AAF McQuay UK Ltd, the immediate holding company, that the repayment of the loans totalling £10,500,000 will not be demanded before 31 January 2018.

Given the long term nature of the pension liability and the intercompany loans due after more than one year, combined with the positive net current assets, the directors do not believe the net deficit is an indication of risk to going concern. Rather, after making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets and amortisation

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years. The carrying value of intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment is charged to the profit and loss account.

Transitional relief has been taken for business combinations under FRS102.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Tangible fixed assets and depreciation

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

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold buildings	9 - 25% per annum
Fixtures, fittings, tools and vehicles	4 - 33% per annum

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the year of the lease.

Post-retirement benefits

The company operates a funded pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of other comprehensive income. The scheme is revalued tri-annually by a fellow of the institute of actuaries and the net deficit is then rolled forward to the balance sheet date.

The company also participates in a defined contribution pension scheme. For defined contribution schemes, the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting year.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in first out purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Provision is made for obsolete, slow-moving or defective items where appropriate.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

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 substantively 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 periods different from those in which they are recognised in the financial statements. Deferred tax balance are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on

Notes to the financial statements (continued)

For the year ended 31 March 2016

a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services. Sales are presented, net of value-added tax. The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when risks and rewards have been transferred under the contractual agreement.

For long term contracts, see above.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue Recognition on Long-term Contracting

Recognition of revenue and profit is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the costs and value of work performed to date and to be performed in bringing contracts to completion. These estimates are made by reference to recovery of pre-contract costs, surveys of progress against timetable, changes in work scope, the contractual terms under which the work is being performed, including the recoverability of any un-agreed income from variations and the likely outcome of discussions on claims and costs incurred.

Post-Employment Benefits

For the defined benefit scheme, pension valuations have been performed using specialist advice obtained from independent qualified actuaries. In performing these valuations, significant actuarial assumptions and judgments have been made to determine the defined benefit obligation, in particular with regard to discount rate, inflation and mortality. Details of assumptions used are set out in Note 21.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

3. Turnover and revenue

An analysis of the Company's turnover by geographical market is set out below.

	2016 £'000	2015 £'000
Turnover by geographic market		
UK	36,635	38,132
Europe	3,883	4,118
Asia	1,520	1,423
America	347	235
Rest of the World	413	1,130
	<u>42,798</u>	<u>45,038</u>

In the opinion of the Directors, any additional disclosure regarding turnover or revenue would be prejudicial to the interests of the Company.

4. Finance costs (net)

	2016 £'000	2015 £'000
Interest payable and similar charges	163	299
Other finance costs	525	590
	<u>688</u>	<u>889</u>

Interest payable and similar charges

	2016 £'000	2015 £'000
Payable to Group	163	299

Other finance income/(costs)

	2016 £'000	2015 £'000
Net interest on defined benefit liability (see note 21)	525	590

J&E Hall Limited

Notes to the financial statements (continued) For the year ended 31 March 2016

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2016 £'000	2015 £'000
Depreciation of tangible fixed assets (note 11)	216	210
Amortisation of intangible assets (note 10)	181	293
Research and development	834	885
Impairment of stock recognised as an expense	43	225
Operating lease rentals	1,275	1,266
Foreign exchange loss	74	20
Loss on disposal of fixed assets (note 11)	3	-
	<u>2,526</u>	<u>3,899</u>

Impairments and reversal of impairments of stocks are included in distribution costs.

6. Auditor's remuneration

Fees payable to Deloitte for the audit of the company's financial statements were £45,000 (2015: £38,000).

7. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2016 Number	2015 Number
Manufacturing and Engineering	182	176
Administration	93	95
	<u>275</u>	<u>271</u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	10,967	11,199
Social security costs	1,134	1,179
Other pension costs – Defined benefit (note 21)	842	821
Other pension costs – Defined Contribution (note 21)	441	440
	<u>13,384</u>	<u>13,639</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

8. Directors' remuneration

	2016 £'000	2015 £'000
Directors' emoluments	158	297

The aggregate of the emoluments of the highest paid director was £158,000 (2015: £182,000). The highest paid director is a member of the Company's defined benefit scheme.

Retirement benefits are no longer accruing for any directors (2015: were accruing for one director) under defined benefit schemes.

9. Tax on loss on ordinary activities

The tax charge comprises:

	2016 £'000	2015 £'000
Current tax on profit on ordinary activities		
UK corporation tax charge/(credit)	29	(365)
Deferred R&D tax credit	12	14
Adjustments in respect of prior years	33	54
Total current tax	74	(297)
Deferred tax		
Origination and reversal of timing differences	24	(16)
Deferred R&D tax credit	(12)	(14)
Effect of decrease in tax rate on opening asset	181	-
Movement in respect of defined benefit scheme	(20)	421
Total deferred tax (see note 14)	173	391
Total tax on loss on ordinary activities	247	94
Total deferred tax relating to items of other comprehensive income	389	(461)
	636	(367)

The standard rate of tax applied to reported loss on ordinary activities is 20% (2015: 21%).

Finance Act No. 2 2015, which was substantively enacted on 26 October 2015, included provisions to reduce the corporation tax rate to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Accordingly these rates have been taken into account when calculating deferred tax assets, giving consideration to when the assets will reverse.

In addition the Finance Act 2016 introduced a further reduction in the main rate from 18% to 17%, from 1 April 2020, but as this was not enacted at the balance sheet date, this reduction has not been taken into account.

There is no expiry date on timing differences, unused tax losses or tax credits.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

9. Tax on loss on ordinary activities (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	<u>(56)</u>	<u>(30)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	(11)	(6)
Effects of:		
- Expenses not deductible for tax purposes	45	73
- Effect of difference between corporate and deferred tax rates	(1)	(27)
- Effect of rate change on opening deferred tax asset	181	-
- Adjustments to tax charge in respect of previous years	33	54
Total tax charge for period	<u>247</u>	<u>94</u>

10. Intangible fixed assets

	2016 £'000	2015 £,000
Cost		
At beginning and end of year	<u>7,228</u>	<u>7,228</u>
Amortisation		
At beginning of year	7,047	6,754
Charge for the year	181	293
At end of year	<u>7,228</u>	<u>7,047</u>
Net book value		
At end of year	<u>-</u>	<u>181</u>
At beginning of year	<u>181</u>	<u>474</u>

Goodwill is amortised over the directors' estimate of its useful life, which is currently twenty years. The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

11. Tangible fixed assets

	Short Leasehold £'000	Fixtures, fittings Plant, tools & Vehicles £'000	Total £'000
Cost or valuation			
At 1 April 2015	440	4,169	4,609
Additions	6	541	547
Disposals	-	(56)	(56)
At 31 March 2016	446	4,654	5,100
Depreciation			
At 1 April 2015	421	3,557	3,978
Charge for the year	8	208	216
Disposals	-	(53)	(53)
At 31 March 2016	429	3,712	4,141
Net book value			
At 31 March 2016	17	942	959
At 31 March 2015	19	612	631

12. Fixed asset investments

	2016 £'000	2015 £'000
Cost		
At 31 March 2016 and 31 March 2015	1,815	1,815

Details of the investment in which the company's interest is more than 20% is as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Holding*	%
Coulstock and Place engineering Company Limited	England	Electrical motor rewinding, component	Ordinary	100%
Balmsound limited	England	Manufacturing and cable preparation	Ordinary	100%

In the year ending 31 March 2016 Coulstock and Place Engineering Company Limited reported a profit after tax of £43,000 and its aggregate capital and reserves stood at £1,747,000

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

13. Stocks

	2016 £'000	2015 £'000
Work in progress	1,381	1,451
Finished goods and goods for resale	2,049	3,179
	<u>3,430</u>	<u>4,630</u>

There is no material difference between the carry amount and replacement cost of stock.

14. Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	6,458	7,266
Gross amount due from customers for contract work	3,743	3,650
Amounts owed by group undertakings	840	1,002
Other debtors	146	185
VAT	419	246
Amounts receivable for group relief	-	351
Deferred tax assets	68	86
Prepayments and accrued income	545	723
	<u>12,219</u>	<u>13,509</u>

Amounts falling due after more than one year:

Deferred tax on pension liability	<u>2,670</u>	<u>3,214</u>
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The movements on the deferred tax assets during the year are as follows:

	Difference between accumulated depreciation and capital allowances £'000	Other timing differences, losses and other deductions £'000	Deferred R&D tax credit £'000	Total deferred tax asset (as above) £'000	Deferred tax asset on pension deficit (see note 21) £'000	Total £'000
At 1 April 2015	16	42	28	86	3,214	3,300
Charge to the profit and loss account for the year	(3)	(21)	12	(12)	-	(12)
Charge Related to Final salary Scheme	-	-	-	-	20	20
Effect of rate change through profit and loss account	(2)	(4)	-	(6)	(175)	(181)
Effect of rate change through OCI	-	-	-	-	(147)	(147)
Amounts included in OCI	-	-	-	-	(242)	(242)
At 31 March 2016	<u>11</u>	<u>17</u>	<u>40</u>	<u>68</u>	<u>2,670</u>	<u>2,738</u>

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

15. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank overdraft (see note 22)	164	1,351
Payments received on long term contracts	704	374
Trade creditors	1,208	2,390
Amounts owed to group undertakings	1,651	1,673
Corporation tax	29	-
Other taxation and social security	540	564
VAT	598	124
Derivative financial liabilities (see note 18)	125	-
Other creditors	224	350
Accruals and deferred income	5,386	4,881
	<u>10,629</u>	<u>11,707</u>

16. Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings – variable interest rate loans	<u>10,500</u>	<u>11,500</u>

Amounts owed to group undertakings comprise two variable interest rate loans of £8,500,000 (2015: £9,500,000) and £2,000,000 (2015: £2,000,000) from AAF McQuay UK Limited. On the 31 March 2016 the interest rates applicable were 1.3073% per annum and 0.64% per annum respectively. The loans have no fixed repayment date and are payable on demand. £1,000,000 was repaid in March 2016. However the directors of AAF McQuay UK Ltd have confirmed that they will not seek any repayment of the balance before 31 March 2017.

17. Provisions for liabilities

	Product warranties £'000
At 1 April 2015	688
Charged to profit and loss account	336
Released unused	(270)
Utilisation of provision	(166)
At 31 March 2016	<u>588</u>

Warranties

The warranty provision reflects an estimate of future warranty costs, arising on current and prior year.

It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

18. Derivative financial instruments

	Due within one year		Due after one year	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Derivatives that are designated measured at fair value through profit or loss				
Liabilities				
Forward foreign currency contracts	125	-	-	-
	125	-	-	-

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2016 [rate]	2015 [rate]	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<i>Sell Euro</i>	1.29553	-	(6,851)	-	(6,976)	-
			(6,851)	-	(6,976)	-

The Company has entered into contracts to buy and supply goods to customers abroad. The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated fair value through profit and loss account. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

19. Called-up share capital and reserves

	2016 £'000	2015 £'000
Allotted, called-up and fully-paid 8,000,100 ordinary shares of £1 each	8,000	8,000

The Company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents cumulative profits and losses.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

20. Financial commitments

There were no capital commitments at the balance sheet date (2015: none).

Annual commitments under non-cancellable operating leases are as follows:

	31 March 2016		31 March 2015	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	82	176	74	86
- between one and five years	851	855	1,031	1,270
- after five years	-	-	-	4
	933	1,031	1,105	1,360

21. Employee benefits

Defined contribution schemes

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £440,819 (2015: £439,628).

Defined benefit schemes

The company also operates a pension scheme providing benefits based on final pensionable pay for qualifying employees. Under the schemes, the employees are entitled to retirement benefits of 1/80th of final pensionable salary for each year of service. No other post-retirement benefits are provided.

The scheme is a funded scheme.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 1 April 2015 and rolled forward to 31 March 2016 by an independent actuary, who is a Fellow of the Institute and Faculty of Actuaries and a Partner in Barnett Waddingham. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The defined benefit scheme was closed to new members on 13 August 2004 and replaced with a defined contribution scheme on this date. The assets and liabilities of the scheme are held separately from those of the company, in an independently administered fund.

Contributions amounting to £89,147 (2015: £88,531) are payable to the scheme and are included in creditors.

It has been agreed that an employer contribution rate of 15% of pensionable pay will apply in future years.

In addition to the above contribution rates the company is paying £677,422 (2015: £657,691) per annum as fixed contributions. The total contributions to the scheme by the company during the year were £1,258,000 (2015: £1,339,000). The total contributions for the year ended 31 March 2017 are forecast to be £1,093,000.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

21. Employee benefits (continued)

	Valuation at	
	2016	2015
Key assumptions used:		
Discount rate	3.6%	3.4%
Future pension increases		
LPI5% (RPI)	3.1%	3.1%
LPI3% (CPI)	2.1%	2.1%
Inflation	3.1%	3.1%
Salary Increases	3.0%	3.0%
<i>Mortality assumptions:</i>		
120% of S1PXA tables	CMI 2015 projections	CMI 2014 projections

with a long-term rate of improvement of 1% per annum

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2016 £'000	2015 £'000
Current service cost	555	471
Administration cost	287	350
Net interest cost	525	586
	<u>1,367</u>	<u>1,407</u>
Loss/(gain) on scheme assets in excess of interest	979	(8,773)
Experience losses on liabilities	69	-
(Gains)/losses from changes to assumptions	(2,394)	11,079
Recognised in other comprehensive income	<u>(1,346)</u>	<u>2,306</u>
Total cost relating to defined benefit scheme	<u>21</u>	<u>3,713</u>

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2016 £'000	2015 £'000
Present value of defined benefit obligations	75,605	77,520
Fair value of scheme assets	<u>60,772</u>	<u>61,452</u>
Net liability recognised in the balance sheet	<u>14,833</u>	<u>16,068</u>

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

21. Employee benefits (continued)

Movements in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At 1 April 2015	77,520	66,011
Service cost	555	471
Interest cost	2,584	2,896
Actuarial gains and losses	(2,325)	11,079
Benefits paid	(2,731)	(2,940)
Contributions by members	2	3
	<hr/>	<hr/>
At 31 March 2016	<u>75,605</u>	<u>77,520</u>

Movements in the fair value of scheme assets were as follows:

	2016 £'000	2015 £'000
At 1 April 2015	61,452	52,317
Interest income	2,059	2,310
Return on plan assets (excluding amounts included in net interest cost)	(979)	8,773
Contributions from the employer	1,256	1,339
Contributions from scheme participants	2	3
Benefits paid	(2,731)	(2,940)
Administration cost	(287)	(350)
	<hr/>	<hr/>
At 31 March 2016	<u>60,772</u>	<u>61,452</u>

The analysis of the fair value of scheme assets at the balance sheet date was as follows:

	2016 £'000	2015 £'000
Equity instruments	24,309	24,581
Bonds	32,209	33,183
Property	3,646	3,073
Cash	608	615
	<hr/>	<hr/>
	<u>60,772</u>	<u>61,452</u>

The actual return on the Scheme's assets over the year was £1,080,000. The assets do not include any investment in shares of the Company.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

22. Contingent liabilities

At 31 March 2016 bank bonds, indemnities guarantees issued by Barclays Bank Plc on behalf of the company, amounting to £2,988,000 (2015: £2,807,000), were outstanding with recourse to the company. All the UK resident group companies are jointly and severally liable for all guarantees and all indebtedness to Barclays Bank Plc incurred by the UK Group via a cross guarantee. A list of UK group companies is disclosed in the financial statements of the UK parent company, AAF McQuay UK Limited. The total UK group liability to Barclays Bank Plc, at 31 March 2016, comprising contingent liabilities plus total overdrawn balances less positive account balances amounted to £13,237,000 (2015: £13,779,000).

On the 31 March 2015 Barclays Bank plc released its fixed and floating charge over the assets of the UK Group. A cross-guarantee for the offset overdraft facility remains in place. Daikin Industries Limited issued a letter of undertaking to Barclays Bank plc on that date regarding the overdraft and guarantee facilities.

23. Related party transactions

The company has taken advantage of the exemption available in FRS 102 33.1A, not to disclose transactions with other wholly owned members of Daikin Industries Limited. The consolidated financial statements of Daikin Industries Limited, within which this company is included, can be obtained from the address given in note 24.

24. Parent companies and ultimate controlling party

The company's immediate parent undertaking and controlling party is AAF McQuay UK Limited, incorporated in England. The ultimate parent undertaking and controlling party is Daikin Industries Limited, incorporated in Japan.

The largest and smallest group in which results of the company are consolidated is that headed by Daikin Industries Limited. The consolidated financial statements of this group are available to the public and may be obtained from Daikin Industries Limited, Umeda Centre Bldg, 2-4-12 Nakazaki Nishi, Kita-Ku, Osaka 530-8323, Japan.

J&E Hall Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

25. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

1. Derivatives are included at Fair Value
2. An accrual has been made for holiday accrued but not taken in the last quarter of the year.
3. Pension accounting under FRS102 allocates movements in pension assets and liabilities between the Profit and loss account and Other comprehensive income differently to that under FRS17. This does not affect net assets, but does change profit for the year.

Reconciliation of equity

Note	At 31 March 2015 £'000	At 31 March 2014 £'000
Equity reported under previous UK GAAP	(15,885)	(13,905)
Adjustments to equity on transition to FRS 102		
1 Derivatives included at fair value	-	4
2 Holiday accrual	(122)	(140)
3 Deferred tax on the above	24	27
Equity reported under FRS 102	<u>(15,983)</u>	<u>(14,014)</u>

Reconciliation of profit or loss for 2015

Note	Year ended 31 March 2015 £'000
Profit for the financial year under previous UK GAAP	379
1 Derivatives included at fair value	(4)
2 Holiday accrual	18
3 FRS 102 pension adjustment	(642)
4 Tax on pension adjustment	128
5 Tax on holiday accrual and derivatives	(3)
Loss for the financial year under FRS 102	<u>(124)</u>