

Carter Retail Equipment Limited

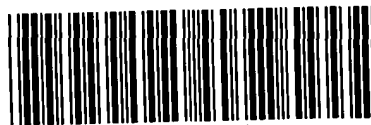
Report and Financial Statements

Year Ended

31 December 2021

Company Number 00618898

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Carter Retail Equipment Limited

Report and financial statements
for the year ended 31 December 2021

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Directors

N A Gardner (resigned 31 December 2021)
B E Kerrison
D Russell (resigned 14 April 2022)
J C Scott
C S Hufflett
M Le-Roy
P R Madelin

Registered office

90 Lea Ford Road, Birmingham B33 9TX

Company number

00618898

Auditors

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

Carter Retail Equipment Limited

Strategic Report for the year ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

The Company's principal activity is the design, production and installation of retail display equipment through operations in the United Kingdom (UK) and United States of America (USA) through its wholly owned subsidiary. The Company has elected to prepare consolidated group financial statements. The results for the current year include the combined results of the group which comprises Carter Retail Equipment Limited and its wholly owned subsidiary Carter Group International Inc, a Company incorporated in the United States of America.

Review of the business and future developments

The group made an operating loss prior to exceptional items of £4,146,664 (2020: £3,546,891) on a turnover of £13,755,351 (2020: £22,308,142).

During the year, the Coldstore product lines were taken over by Carter Synergy Limited (a group company). The revenue associated in the 2020 accounts for the Coldstore products was £3.6m.

Other sales lines in the year were significantly impacted by Covid-19. The UK market has recovered to a certain extent in 2021, but the US market only recovered in the final quarter of 2021 and these factors caused a like for like year on year drop in revenue of £6m. During the year, the Company used the Coronavirus job retention scheme to safeguard the workforce which also had a positive impact on the costs and overheads to mitigate losses. The agreed deferment of VAT payments agreed in 2020 through the group entity with HMRC to protect working capital requirements in accordance with the government Coronavirus support measures was paid in instalments during the year with the final payment being made in January 2022.

At the end of November 2021, the Company ceased manufacturing from its UK base; the process of outsourcing the production of display and refrigeration equipment had been transitioned through the year with all production outsourced by the year end. The cessation of manufacturing during the year in the UK and outsourcing this activity to Turkey has meant significant redundancies and various restructuring costs during the year which have been treated as exceptional costs. The Company maintains its design, production and stock management, delivery and installation functions into 2022.

The early results in 2022 have shown an improved margin and a forecast improvement in revenue, with particularly good recovery in USA. The new business model of the Company of concentrating on customers, sales and development of products with manufacturing outsourced should put the Company back into a self-sustainable and profitable business. The Directors are excited about the Company's prospects with the ability of offering a wider range of products at a competitive price point, with the directors projecting a return to profitability in 2022/2023.

Key financial performance indicators

The key financial performance indicators of the group are as follows:

	2021	2020
Turnover	£13,755,351	£22,308,142
Operating loss (before exceptionals)	£(4,146,664)	£(3,546,891)
Operating loss (before exceptionals) %	(30.1%)	(15.9%)

Carter Retail Equipment Limited

Strategic Report for the year ended 31 December 2021 (continued)

Principal risks and uncertainties

Loss of revenue

The unprecedented impact of the global Covid-19 pandemic has resulted in a loss of revenue during 2020 and 2021 and created uncertainty in respect of timing of future revenue and the reliability of sourcing product to meet such demand. The directors have been in close communication with customers and have put steps in place to improve the business and allow the Company to continue to provide product to our customers in a profitable manner as explained in the Review of business and future developments section above.

Credit risk

Credit risk is managed making appropriate entries of credit reference agencies and by monitoring payments against contractual obligations. The majority of this is covered by credit insurance.

Cash flow

The Company monitors cash flow as part of its day-to-day control procedures. In addition, the Directors regularly review the Company's cash flow projections to ensure that appropriate facilities are available as necessary through the parent group banking facility as detailed in the liquidity and funding section below. The Company also has the facility to fund the working capital required for export business through a trade credit facility.

Regulatory risk

The group and company is exposed to risks arising from non-compliance and relevant laws and regulations. In order to manage this risk, the Board monitors the introduction of new legislation closely, and communicates key developments to managers and staff through internal channels. All relevant legislation is monitored on a departmental level by the relevant management staff, with robust procedure in place to report and act on non-compliance issues.

Reputational risk

The group and company is exposed to the risk that poor quality products and service may have a detrimental effect on the reputation of the Company. In order to manage this risk, the Company has robust quality control processes in place, including ISO 9001, to ensure that all products and services meet and exceed the required standards of quality and are fully fit for purpose. This process is monitored by the board of directors and corrective action taken where necessary. Customers have been engaged during the transition of outsourcing production to Turkey and USA including customer visits to new production locations.

Currency risk

The group and company operate in the UK and certain overseas markets. It does have some currency exposure with the Euro, US Dollar and Australian Dollar. Where the directors deem that a contract exposes the Company to a material exchange risk then a foreign exchange contract is entered into to mitigate the exchange exposure. The balances receivable or payable denominated in foreign currencies at the year end were not significant. There were no such contracts in place at the year end.

The major currency risk the Company is exposed to is its cost competitiveness compared to its competitors who manufacture in other countries. As reported in the prior year this has led to more of the UK market being supplied by cases manufactured in Turkey. With outsourcing of manufacture to Turkey during 2021 and beyond this risk has been reduced.

Carter Retail Equipment Limited

Strategic Report for the year ended 31 December 2021 *(continued)*

Principal risks and uncertainties *(continued)*

Covid-19 Risk

The safety of our employees and those people we come in contact with is paramount. Effective Covid-19 measures have been in place since March 2020. These continue to be regularly reviewed as risk levels change. Infection rates have periodically increased and fallen in line with general infection rates across the UK. The impact of Covid-19 on our operations has significantly reduced and at present it's very much a case of caution but business as normal.

Supply chain Risk and Inflation

As Global markets have emerged from Covid lockdowns there have been significant inefficiencies in supply chains. This has led to significant cost increases, delays and uncertainties. Inflationary and supply pressures have been exacerbated by events in Ukraine and to an extent by Brexit. All businesses in the Group are working both internally and with suppliers and customers to mitigate the effects.

Liquidity and funding

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

The parent group has been in regular dialogue with its bankers, Barclays, throughout the period of COVID-19 interruption. In September 2020, the business also took out a COVID-19 Large Business Interruption Loan (CLBILs) facility of £6.5m. This was secured by Barclay's fixed and floating charge on the group's and Company's assets. The facility is available to September 2022. The parent group has operated well within its facilities with significant headroom. Our bankers have confirmed that a revolving credit facility of £3.25m and an export finance facility of £2.5m will be made available to cover the parent group's requirements from September 2022 as replacement facilities to the CLBIL's along with the continuation of other sundry current existing facilities including an overdraft facility £1.5m. The directors are satisfied that these replacement facilities will be sufficient to cover the parent group's ongoing commitments.

The parent group directors have prepared a detailed profit and cash flow forecast ("the forecast") for the period to 31 July 2023 ("the period") which shows the parent group trading, financial position, cash flows and expected available bank facilities for the period. This model has been stress-tested for potential reduction in activity and/or increases in cost base. The forecast, and its stress testing, shows that the parent group will be able to operate and meet its external liabilities as they fall due for payment during the period. The forecast also shows that the group will continue to meet its covenant requirements during the period.

Carter Retail Equipment Limited

Strategic Report for the year ended 31 December 2021 (continued)

Liquidity and funding (continued)

The Company and its subsidiary have been loss making for several years, although following the closure of the UK manufacturing facility and outsourcing this activity to Turkey during the year as detailed within the review of business and future development sections of this report, these levels of losses are forecast to be stemmed and the Company and its subsidiary are forecast to return to profitability in 2022/23. The Company and its subsidiary have net liabilities as at the balance sheet date of £7,600,984, albeit this is after amounts due to its parent of £12,259,248 included within creditors provided to fund the historic losses and the restructuring process. Post year end, as detailed in note 24 of the financial statements, a part recapitalisation of the balance sheet has been completed. The Company and its subsidiary however remain reliant upon continued funding and financial support from its parent company, Carter Thermal Industries Limited ("CTI"). The parent company has been fully committed to the restructuring plan carried out and, following review of the forecast prepared by the Company, has undertaken to provide such financial support as may be required by the Company and its subsidiary for the foreseeable future, and in any case for a period of not less than one year from the approval of these financial statements. It has further confirmed that it does not expect repayment of the residual inter-company balance post the recapitalisation carried out post year until the Company has adequate cash resources to do so.

After consideration of the above and other factors including the current impact on supply chain and increased fuel and energy costs caused by the conflict in Ukraine and the after effect of Covid-19 and other matters affecting the parent group and company and its subsidiary, the directors remain confident that the forecast is achievable, that the available funding from banks and other parties will be in place throughout the period and that the headroom within the forecast will be sufficient to enable the parent group, and the Company and its subsidiary, with the confirmed continued financial support for the parent group, to operate and meet their liabilities as they fall due for payment throughout the period. The directors have considered the various uncertainties connected to the forecast, including the stress testing, and mitigating actions that could be taken, and consider that they do not indicate the existence of material uncertainties pertaining to the ability of the Company and its subsidiary, or the parent group to remain a going concern. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

Post balance sheet events


Subsequent to the year end, on 4 March 2022, the directors, in conjunction with the parent entity, have completed the recapitalisation of the balance sheet. The parent company acquired and paid for share capital/premium to the value of £6,000,000. The Company repaid loans from the parent company of £6,000,000 thus reducing the Company's intercompany creditor balance.

Health and safety

The group and company continues to develop its health and safety processes for the benefit of its employees and customers. Obtaining the ROSPA Gold Achievement Award and the ISO 14001 Environmental Standard demonstrates awareness and compliance with Health & Safety and Environmental requirements. All of our policies are continually reviewed and updated to ensure that they remain appropriate for the protection of our business, the environment, and the ethical bedrock on which we trade.

Approval

This strategic report was approved on behalf of the Board on 12 July 2022



P R Madelin
Director

12th July 2022

Carter Retail Equipment Limited

Directors' Report for the year ended 31 December 2021

The directors present their directors' report together with the audited financial statements for the year ended 31 December 2021.

Results and dividends

The consolidated statement of comprehensive income is set out on page 13 and shows the loss after tax for the year of £5,035,775 (2020: £3,461,256).

There were no dividends paid in the year under review (2020: £Nil) and no dividend is recommended by the directors.

Directors

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

N A Gardner (resigned 31 December 2021)
B E Kerrison
D Russell (resigned 14 April 2022)
J C Scott
C S Hufflett
M Le-Roy
P R Madelin (appointed 13 September 2021)

Financial risk management policy

The directors have reviewed the financial risk management objectives and policies of the group and company and, where there is significant exposure to financial risks, the group policy laid down by the parent company, Carter Thermal Industries Limited, is followed. It also does not enter into any speculative financial instruments. Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the trade relationships.

Financial instruments

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

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

Price risk

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

Credit risk

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

Liquidity risk

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

Carter Retail Equipment Limited

Directors' Report for the year ended 31 December 2021 *(continued)*

Employment of disabled persons

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

Employee involvement

Employee representatives are informed of the economic factors affecting the performance of the Company by means of regular meetings with management.

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 group and 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 group and company's auditors are aware of that information.

Directors' responsibilities

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and 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.

Carter Retail Equipment Limited

Directors' Report
for the year ended 31 December 2021 *(continued)*

Auditors

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

On behalf of the Board

P R Madelin
Director



Date:

12th July 2022

Carter Retail Equipment Limited

Independent Auditor's Report to the members of Carter Retail Equipment Limited

Opinion

We have audited the financial statements of Carter Retail Equipment Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Company statement of financial position, the Company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and parent Company's affairs as at 31 December 2021 and of the Group's 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 of 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Carter Retail Equipment Limited

Independent Auditor's Report to the members of Carter Retail Equipment Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent 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.

Carter Retail Equipment Limited

Independent Auditor's Report to the members of Carter Retail Equipment Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent Company and the parent Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tobias Stephenson BA ACA (Senior statutory auditor)
for and on behalf of
MHA MacIntyre Hudson (Statutory auditor)
Birmingham, United Kingdom

Date

12 July 2022

Carter Retail Equipment Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Note	2021 £	2020 (As re- classified – note 25) £
Turnover	3	13,755,351	22,308,142
Decrease in stocks of finished goods and work in progress		(709,725)	(2,697,642)
Raw materials and consumables		(10,591,552)	(11,986,804)
Other external charges	7	(1,323,199)	(1,876,014)
Staff costs	5	(5,042,158)	(6,622,961)
Depreciation, amortisation and impairments		(169,652)	(352,407)
Other operating charges		(2,920,597)	(3,672,004)
Other operating income	4	<u>523,988</u>	<u>652,408</u>
Operating loss	5	(6,477,544)	(4,247,282)
Operating loss before exceptional items	5	(4,146,664)	(3,546,891)
Other interest payable and similar charges	9	<u>(542)</u>	<u>(43,646)</u>
Loss on ordinary activities before taxation		(6,478,086)	(4,290,928)
Taxation on loss on ordinary activities	10	<u>1,442,311</u>	<u>829,672</u>
Total comprehensive deficit for the year		<u>(5,035,775)</u>	<u>(3,461,256)</u>

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

All amounts relate to continuing activities.

The notes on pages 16 to 31 form part of these financial statements.

Company No: 0618898

Carter Retail Equipment Limited

Consolidated Statement of Financial Position At 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	338,199	488,993
Current assets			
Stocks	13	3,177,060	3,886,785
Debtors	14	8,513,994	8,454,184
Cash at bank and in hand		<u>668,675</u>	<u>983,458</u>
		12,359,729	13,324,427
Creditors: amounts falling due within one year	16	<u>(20,298,912)</u>	<u>(16,378,629)</u>
Net current liabilities		<u>(7,939,183)</u>	<u>(3,054,202)</u>
Total assets less current liabilities		<u>(7,600,984)</u>	<u>(2,565,209)</u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Profit and loss account	17	<u>(7,601,984)</u>	<u>(2,566,209)</u>
Shareholders' funds		<u>(7,600,984)</u>	<u>(2,565,209)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 July 2022

P R Madelin
Director



12th July 2022

The notes on pages 16 to 31 form part of these financial statements.

Carter Retail Equipment Limited

Consolidated Statement of Changes in Equity For the year ended 31 December 2021

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	1,000	(2,566,209)	(2,565,209)
Comprehensive deficit for the year			
Loss for the year	—	(5,035,775)	(5,035,775)
Total comprehensive deficit for the year	—	(5,035,775)	(5,035,775)
At 31 December 2021	<u>1,000</u>	<u>(7,601,984)</u>	<u>(7,600,984)</u>

Consolidated Statement of Changes in Equity For the year ended 31 December 2020

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	1,000	895,047	896,047
Comprehensive deficit for the year			
Loss for the year	—	(3,461,256)	(3,461,256)
Total comprehensive deficit for the year	—	(3,461,256)	(3,461,256)
At 31 December 2020	<u>1,000</u>	<u>(2,566,209)</u>	<u>(2,565,209)</u>

The notes on pages 16 to 31 form part of these financial statements.

Company No: 0618898

Carter Retail Equipment Limited

Company Statement of Financial Position
At 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	338,199	488,993
Investment	12	<u>26,209</u>	<u>26,209</u>
		364,408	515,202
Current assets			
Stocks	13	3,177,060	3,886,785
Debtors	14	8,348,269	9,330,169
Cash at bank and in hand		<u>464,564</u>	<u>636,468</u>
		11,989,893	13,853,422
Creditors: amounts falling due within one year	16	(20,191,225)	(17,366,023)
Net current assets		<u>(8,201,332)</u>	<u>(3,512,601)</u>
Total assets less current liabilities		<u>(7,836,924)</u>	<u>(2,997,399)</u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Profit and loss account	17	<u>(7,837,924)</u>	<u>(2,998,399)</u>
Shareholders' funds		<u>(7,836,924)</u>	<u>(2,997,399)</u>

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company loss after tax for the year was £4,839,525 (2020: loss £3,566,678).

The financial statements were approved by the Board of Directors and authorised for issue on

P R Madelin
Director



12th July 2022

The notes on pages 16 to 31 form part of these financial statements.

Carter Retail Equipment Limited

Company Statement of Changes in Equity For the year ended 31 December 2021

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	1,000	(2,998,399)	(2,997,399)
Comprehensive deficit for the year			
Loss for the year	—	(4,839,525)	(4,839,525)
Total comprehensive deficit for the year	—	(4,839,525)	(4,839,525)
At 31 December 2021	<u>1,000</u>	<u>(7,837,924)</u>	<u>(7,836,924)</u>

Company Statement of Changes in Equity For the year ended 31 December 2020

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	1,000	1,749,840	1,750,840
Comprehensive deficit for the year			
Loss for the year	—	(3,566,678)	(3,566,678)
Total comprehensive deficit for the year	—	(3,566,678)	(3,566,678)
At 31 December 2020	<u>1,000</u>	<u>(2,998,399)</u>	<u>(2,997,399)</u>

The notes on pages 16 to 31 form part of these financial statements.

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

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

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

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

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

This information is included in the consolidated financial statements of Carter Thermal Industries Limited as at 31 December 2021 and these financial statements may be obtained from Companies House as per note 24.

The following principal accounting policies have been applied.

1.2 Going concern

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

The parent group has been in regular dialogue with its bankers, Barclays, throughout the period of COVID-19 interruption. In September 2020, the business also took out a COVID-19 Large Business Interruption Loan (CLBILs) facility of £6.5m. This was secured by Barclay's fixed and floating charge on the group's and company's assets. The facility is available to September 2022. The parent group has operated well within its facilities with significant headroom. Group bankers have confirmed that a revolving credit facility of £3.25m and an export finance facility of £2.5m will be made available to cover the parent group's requirements from September 2022 as replacement facilities to the CLBIL's along with the continuation of other sundry current existing facilities including an overdraft facility £1.5m. The directors are satisfied that these replacement facilities will be sufficient to cover the parent group's ongoing commitments.

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 *(continued)*

1. Accounting policies *(continued)*

1.2 Going concern *(continued)*

The parent group directors have prepared a detailed profit and cash flow forecast (“the forecast”) for the period to 31 July 2023 (“the period”) which shows the parent group trading, financial position, cash flows and expected available bank facilities for the period. This model has been stress-tested for potential reduction in activity and/or increases in cost base. The forecast, and its stress testing, shows that the parent group will be able to operate and meet its external liabilities as they fall due for payment during the period. The forecast also shows that the group will continue to meet its covenant requirements during the period.

The Company and its subsidiary have been loss making for several years, although following the closure of the UK manufacturing facility and outsourcing this activity to Turkey during the year as detailed within the review of business and future development sections of this report, these levels of losses are forecast to be stemmed and the Company and its subsidiary are forecast to return to profitability in 2022/23. The Company and its subsidiary have net liabilities as at the balance sheet date of £7,600,984, albeit this is after amounts due to its parent of £12,259,248 included within creditors provided to fund the historic losses and the restructuring process. Post year end, as detailed in note 24 of the financial statements, a part recapitalisation of the balance sheet has been completed. The Company and its subsidiary however remain reliant upon continued funding and financial support from its parent company, Carter Thermal Industries Limited (“CTI”). The parent company has been fully committed to the restructuring plan carried out and, following review of the forecast prepared by the Company, has undertaken to provide such financial support as may be required by the Company and its subsidiary for the foreseeable future, and in any case for a period of not less than one year from the approval of these financial statements. It has further confirmed that it does not expect repayment of the residual inter-company balance post the recapitalisation carried out post year until the Company has adequate cash resources to do so.

After consideration of the above and other factors including the current impact on supply chain and increased fuel and energy costs caused by the conflict in Ukraine and the after effect of Covid-19 and other matters affecting the parent group and company and its subsidiary, the directors remain confident that the forecast is achievable, that the available funding from banks and other parties will be in place throughout the period and that the headroom within the forecast will be sufficient to enable the parent group and the Company and its subsidiaries with the confirmed continued financial support for the parent group, to operate and meet their liabilities as they fall due for payment throughout the period. The directors have considered the various uncertainties connected to the forecast, including the stress testing, and mitigating actions that could be taken, and consider that they do not indicate the existence of material uncertainties pertaining to the ability of the Company and its subsidiary, or the parent group to remain a going concern. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

1.3 Consolidated financial statements

The Company has elected to prepare consolidated group financial statements. The results for the current year include the combined results of the group which comprises Carter Retail Equipment Limited and its wholly owned subsidiary Carter Group International Inc, a Company incorporated in the United States of America.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover 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

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

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible assets and depreciation

Tangible fixed assets under the cost model 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 group 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 group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Plant and machinery	- 10 years straight line
Motor vehicles	- 4 years straight line
Fixtures and fittings	- 5 – 10 years 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 'other operating income' in the statement of comprehensive income.

Carter Retail Equipment Limited

Notes forming part of the Financial Statements
For the year ended 31 December 2021 *(continued)*

1. Accounting policies *(continued)*

1.5 Tangible assets and depreciation *(continued)*

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

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

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads, less provisions for losses where necessary and less progress claims received and receivable.

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 profit or loss.

1.7 Cash and cash equivalents

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

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 *(continued)*

1. Accounting policies *(continued)*

1.8 Financial instruments

Financial assets

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable loans from banks and other third parties, and loans and balances to other group undertakings.

Financial assets comprise cash at bank and in hand, trade debtors, other debtors, and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities

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

1.9 Foreign currency translation

The group's functional and presentational currency is GBP.

Transactions and balances

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

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

Exchange gains and losses are recognised in the statement of comprehensive income.

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

1.10 Leases assets: Lessee

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

1.11 Pension costs

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

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

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

1.12 Provisions for Liabilities

Provisions are made where an event has taken place that gives the group 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 group 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.

1.13 Holiday pay accrual

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

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

1.14 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 group operates and generates income.

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

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

1.15 Government grants

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

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

Carter Retail Equipment Limited

Notes forming part of the Financial Statements
For the year ended 31 December 2021 (continued)

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

In preparing these financial statements, the directors have had to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgments, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of tangible fixed assets

Determine whether there are indicators of impairment of the Group and company's tangible and intangible assets determining any resultant impairment charge. Factors taken into consideration in reaching such a decision and assessing any impairment charge include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit and potential net realisable value of the asset if sold on the open market.

Stock provisions

At each reporting date stock is assessed for impairment. If stock is impaired the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Trade debtors

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Going concern

The activities of the Company have been restructured during the year to return it to profitability. As detailed in note 1.2 the Company is reliant on continued parental support and has received an undertaking from its parent of continued financial support.

The directors are confident that the restructuring as detailed in the Review of business and future developments section in the strategic report will ensure future profitability and therefore have concluded, based on the continued financial support from its parent entity, it is appropriate to continue to prepare the accounts on a going concern basis as detailed in note 1.2.

Carter Retail Equipment Limited

Notes forming part of the Financial Statements
For the year ended 31 December 2021 (continued)

3 Analysis of Turnover

Analysis by class of geographical market:	2021 £	2020 £
United Kingdom	9,505,798	12,189,220
Rest of Europe	1,121,034	747,575
USA	2,910,403	9,045,182
Australia	<u>218,116</u>	<u>326,165</u>
	<u>13,755,351</u>	<u>22,308,142</u>

All sales are in respect of manufacture and installation of products.

4 Operating income

	2021 £	2020 £
Government grants	470,776	652,408
Research and development audit (RDEC)	<u>53,212</u>	-
	<u>523,988</u>	<u>652,408</u>

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

5 Operating loss

This is arrived at after charging/(crediting):	2021 £	2020 £
Depreciation of tangible fixed assets	169,652	233,620
Defined contribution pension costs	173,009	238,992
Hire of assets under operating leases	9,589	37,143
(Profit) on disposal of fixed assets	<u>(15,603)</u>	<u>(103,952)</u>

Exceptional costs

During the year the group incurred exceptional costs of £2,330,880 (2020: £700,391) relating to restructuring operations in respect of outsourcing of manufacturing. The exceptional costs are included in the following categories in the consolidated statement of comprehensive income:

Cost	Expense category	2021 £	2020 £
Impairment of fixed assets	Depreciation, amortisation and impairment	-	118,786
Outsourced, production and set up costs	Other operating charges	155,178	-
Impairment of stock	Raw materials and consumables	771,545	311,785
Unproductive staff/costs during redundancy and restructuring period	Staff costs	475,228	-
Redundancy costs	Staff costs	<u>928,929</u>	<u>269,820</u>
		<u>2,330,880</u>	<u>700,391</u>

Carter Retail Equipment Limited

Notes forming part of the Financial Statements
For the year ended 31 December 2021 (continued)

6	Auditor's remuneration	2021	2020
		£	£
	Fees payable to the group's auditor for the auditing of the group's annual accounts	18,000	17,500
	Other taxation services	<u>3,250</u>	<u>3,200</u>

7	Employees		
	Staff costs (including directors) consist of:	2021	2020
		£	£
	Wages and salaries	4,510,847	5,860,526
	Social security costs	358,302	523,443
	Other pension costs	<u>173,009</u>	<u>238,992</u>
		<u>5,042,158</u>	<u>6,622,961</u>

Included in wages and salaries costs are redundancy costs of £928,929 (2020: £269,820).

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

	2021 Number	2020 Number
Production	61	86
Administration	<u>42</u>	<u>79</u>
	<u>103</u>	<u>165</u>

8	Directors' remuneration	2021	2020
		£	£
	Directors' emoluments	202,959	184,735
	Group contribution to the group personal pension plan	<u>17,275</u>	<u>15,542</u>

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

There was no director in the group's defined benefit pension scheme (2020: None) and 2 directors in the group's defined contribution pension scheme (2020: 3) during the year.

The total amount payable to the highest paid director in respect of emoluments paid by the Company was £117,477 (2020: £94,262).

Carter Retail Equipment Limited

Notes forming part of the Financial Statements
For the year ended 31 December 2021 (continued)

9	Interest payable and similar charges	2021	2020
		£	£
	Bank loans and overdrafts	<u>542</u>	<u>43,646</u>

The bank overdraft of the Company is part of the Carter Thermal Industries group banking arrangements whereby interest is only charged on a net overdraft position after taking account of positive bank balances within the group. Any interest arising on the net position is settled by the parent undertaking and was not recharged in 2021.

10	Taxation	2021	2020
		£	£
	<i>Corporation tax</i>		
	Current tax on profits for the year	10,111	-
	Group relief recoverable	(980,591)	(569,146)
	Adjustments in respect of previous periods	61,931	(19,271)
	Overseas tax	<u>(44,166)</u>	<u>74,154</u>
	Total current tax	<u>(952,715)</u>	<u>(514,263)</u>
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	(427,665)	(315,409)
	Adjustments in respect of previous periods	<u>(61,931)</u>	-
	Movement in deferred tax provision	<u>(489,596)</u>	<u>(315,409)</u>
	Taxation on profit on ordinary activities	<u>1,442,311</u>	<u>(829,672)</u>

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2021	2020
	£	£
Loss on ordinary activities before tax	(6,478,086)	(4,290,928)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 19% (2020: 19%)	(1,230,836)	(815,276)
Effects of:		
Expenses not deductible for tax purposes	1,673	525
Adjustments in respect of prior periods	-	(19,271)
Change in tax rates	(68,865)	(74,689)
Movements in deferred tax asset not previously recognised	(137,460)	39,005
Difference in overseas tax rate	<u>(6,823)</u>	<u>40,034</u>
Total tax (credit) for the year	<u>(1,442,311)</u>	<u>(829,672)</u>

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 (continued)

10 Taxation (continued)

Certain tax losses amounting to £Nil (2020: £549,840) have not been recognised due to uncertainty on the availability of suitable taxable profits against which they could be utilised.

Factors that may affect future tax charges

The standard rate of UK corporation tax as at enacted at the year end was 25% to take effect from April 2023. Accordingly, these rates have been used in the calculation of deferred tax balances as at 31 December 2021, other than for items expected to reverse prior to the enacted rate coming into force.

11 Tangible fixed assets	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Group and Company				
Cost				
1 January 2021	5,343,047	437,016	1,080,119	6,860,182
Additions	10,004	-	36,829	46,833
Disposals	<u>(228,167)</u>	<u>(196,651)</u>	<u>(31,378)</u>	<u>(456,196)</u>
At 31 December 2021	<u>5,124,884</u>	<u>240,365</u>	<u>1,085,570</u>	<u>6,450,819</u>
Depreciation				
1 January 2021	5,128,048	415,878	827,263	6,371,189
Charge for the year	88,925	7,788	72,939	169,652
Disposals	<u>(216,777)</u>	<u>(183,305)</u>	<u>(28,139)</u>	<u>(428,221)</u>
At 31 December 2021	<u>5,000,196</u>	<u>240,361</u>	<u>872,063</u>	<u>6,112,620</u>
Net book value				
At 31 December 2021	<u>124,688</u>	<u>4</u>	<u>213,507</u>	<u>338,199</u>
At 31 December 2020	<u>214,999</u>	<u>21,138</u>	<u>252,856</u>	<u>488,993</u>
12 Fixed asset investments				Subsidiary companies £
Company				
Cost				
1 January 2021				26,209
Additions				-
31 December 2021				<u>26,209</u>

The Company owns 100% of the ordinary share capital of Carter Group International Inc, a Company incorporated in the USA.

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 (continued)

13	Stocks	2021	2020
		£	£
	Group and Company		
	Raw materials	788,464	1,927,716
	Work in progress and finished goods	<u>2,388,596</u>	<u>1,959,069</u>
		<u>3,177,060</u>	<u>3,886,785</u>

In 2021 an impairment of £771,545 (2020: £473,039) was recognised in the statement of comprehensive income against stock during the year due to slow-moving and obsolete stock. Included in this impairment is an amount of £771,545 (2020: £311,785), as an exceptional cost (see note 5) arising from the restructuring of the Company and ceased in manufacturing in the UK during the year. There is no material difference between the replacement cost of stocks and the amounts stated above.

14	Debtors	Group	Group	Company	Company
		2021	2020	2021	2020
		£	£	£	£
	Due within one year:				
	Trade debtors	4,897,928	6,503,576	4,593,487	7,379,561
	Amounts owed by group undertakings	-	401,944	193,619	401,944
	Group relief receivable	980,591	569,146	980,591	569,146
	Foreign tax recoverable	54,903	-	-	-
	Other debtors	-	15,661	-	15,651
	Prepayments and accrued income	1,206,172	79,053	1,206,172	79,053
	Deferred taxation (note 15)	<u>1,374,400</u>	<u>884,804</u>	<u>1,374,400</u>	<u>884,804</u>
		<u>8,513,994</u>	<u>8,454,184</u>	<u>8,348,269</u>	<u>9,330,169</u>

The impairment for the period in respect of bad and doubtful debts was £5,693 (2020: £10,056).

15 Deferred taxation asset

Group and Company	£
1 January 2021	884,804
Credited to statement of comprehensive income	<u>489,596</u>
At 31 December 2021	<u>1,374,400</u>

The amount of deferred tax asset is made up as follows:	2021	2020
	£	£
Decelerated capital allowances	26,444	29,129
Short term timing differences	4,670	6,648
Tax losses carried forward and other deductions	<u>1,343,286</u>	<u>849,027</u>
	<u>1,374,400</u>	<u>884,804</u>

Carter Retail Equipment Limited

Notes forming part of the Financial Statements
For the year ended 31 December 2021 *(continued)*

16 Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	4,908,209	4,469,701	4,908,209	4,469,701
Payments received on account	263,824	-	263,824	-
Trade creditors	1,426,296	2,469,888	1,395,844	2,364,149
Amounts owed to group undertakings	12,259,248	8,477,813	12,259,248	9,715,623
Other taxation and social security	384,241	444,011	340,026	444,011
Other creditors	60,016	47,104	60,016	47,104
Foreign tax	-	68,611	-	-
Accruals and deferred income	<u>997,078</u>	<u>401,501</u>	<u>964,058</u>	<u>325,435</u>
	<u>20,298,912</u>	<u>16,378,629</u>	<u>20,191,225</u>	<u>17,366,023</u>

The bank overdraft is secured by a first legal charge over the assets of the Company and a cross guarantee from other companies within the Carter Thermal Industries group (see note 20).

17 Reserves

Share capital

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

Profit & loss account

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

Carter Retail Equipment Limited

Notes forming part of the Financial Statements For the year ended 31 December 2021 (continued)

18 Pensions

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

Contributions are paid to the trustees of the Group Schemes on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the Group Schemes every three years. The most recent formal valuation of the Carter Thermal Industries Limited Pension Scheme was carried out as at 31 December 2020 and Carter Executive Plan as at 31 December 2020 and was updated on an approximate basis to 31 December 2021 by a qualified actuary.

Contributions made to the Carter Thermal Industries Limited Pension Scheme amounted to £Nil (2020: £Nil) and Carter Executive Plan £Nil (2020 - £Nil) as all contributions are made by the parent entity.

The valuation of the two schemes at 31 December 2021, calculated by the actuary on an FRS 102 projected unit basis, shows a deficit on the Carter Thermal Industries Limited Pension Scheme of £215,120 (2020: £2,127,116) and on the Carter Executive Plan a surplus of £546,519 (2020: deficit £954,519).

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

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

The group also operates a defined contribution scheme. Payments to the defined contribution scheme amounted to £173,009 (2020: £238,992).

19 Share capital	2021	2020
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

20 Contingent liabilities

The Company have given an unlimited guarantee in respect of the group banking facility which amounted to £Nil (2020: £Nil) at 31 December 2021. Details of the banking facility are given in the accounts of Carter Thermal Industries Limited.

The Company is a member of a VAT group with fellow group companies and accordingly is jointly and severally liable for any VAT liability due. The level of group VAT liability or asset varies depending on where in the VAT cycle the group is and on the underlying transactions of companies within the group. The VAT payable by the group as at 31 December 2021 was £1,260,160 (2020: £5,752,451).

Carter Retail Equipment Limited

Notes forming part of the Financial Statements
For the year ended 31 December 2021 (continued)

21 Commitments under operating leases

The group had minimum lease payments under non-cancellable operating leases as set out below:

Group and Company	Other 2021 £	Other 2020 £
Within one year	442	5,235
In two to five years	-	442
Over 5 years	-	-
	<u>442</u>	<u>5,677</u>

22 Related party transactions

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

Key management personnel represent the directors of the group as they have responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. During the period, the key management personnel remuneration included within directors' remuneration was £220,234 (2020: £220,049).

23 Ultimate parent company and parent undertaking of larger group

The immediate parent company is Carter Thermal Industries Limited.

The ultimate parent company and controlling party is Longdon Estates Limited, a company registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Longdon Estates Limited, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by Carter Thermal Industries Limited, incorporated in England and Wales. The consolidated accounts of both entities are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, Maindy, Cardiff CF14 3UZ.

24 Post balance sheet events

Subsequent to the year end, on 4 March 2022, the directors, in conjunction with the parent entity, have completed the recapitalisation of the balance sheet. The parent company acquired and paid for share capital/premium to the value of £6,000,000. The Company repaid loans from the parent company of £6,000,000 thus reducing the Company's intercompany creditor balance.

25 Prior year reclassifications

Following a review of the classification of certain types of expenditure, £1,003,003 of costs in the prior year were reclassified from raw materials to other external charges as these related to sub-contractual production services and not raw materials. The profit for the year ended 31 December 2020 has not been affected.