

Registered number: 03039016

Wozair Limited

Annual report and financial statements

For the year ended 31 December 2018

Wozair Limited

Company Information

Directors

P M Azzopardi
S J Collins
S D Azzopardi
C R Cherrington
H A Collins
J N J Hibbs (resigned 19 February 2018)
P R Pendrill
Y Lavaux (appointed 1 April 2018)

Company secretary

S J Collins

Registered number

03039016

Registered office

32 Grosvenor Road
Gillingham Business Park
Gillingham
Kent
ME8 0SA

Independent auditors

Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Wozair Limited

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**Group strategic report
For the year ended 31 December 2018**

Introduction

The Directors present their Strategic Report of the Company and the Group for the year ended 31 December 2018.

Principal activity

The principal activity of the Group in the year under review was that of the design and supply of specialist heating, ventilation and air conditioning equipment and systems.

Business review

After a long period of successful years, 2018 was challenging and a disappointing year for the Group overall.

Although Group turnover remained consistent with the previous year at £26,595,479 (2017: £26,437,081), gross margin percentage was reduced, whilst expenses increased, resulting in an operating loss of £702,028 (2017: operating profit £1,868,183).

There were a number of factors that had a negative impact on profitability including cost overruns on challenging long term contracts that originally started in 2016; a reduction in sales of more profitable products; a significant bad debt in Singapore of £200K; foreign currency exchange swing negatively of £375K from the previous year; legal and professional costs associated with an aborted acquisition of £110K and an increase in marketing and exhibition spend. There were also significant costs associated with closing the Korean office and restructuring staff in the UK and Asia of £120K.

Jet Environmental Systems (acquired by the Group in 2016) had an exceptionally good year with turnover increasing to £7,806K and operating profit up to £1,574K.

Veotec (acquired by the Group in 2017) had a challenging year, so it was decided to fully integrate the business into Wozair as a product range. Manufacture of products has been moved from a subcontractor basis to in house at Wozair, with the sales and projects teams integrated fully and all based at Gillingham.

During the year the Group continued to focus on its core business areas - specialist ventilation equipment to the On and Offshore Oil & Gas, Marine and UK Nuclear Industries.

The mix of ventilation products, whether main plant or in-line equipment does influence the overall profitability of the Group. During 2018 there were less sizeable in-line equipment projects available in the market, particularly from the Middle and Far East, which had the effect of suppressing the average gross margin and reducing profitability.

By the third quarter of 2019 the Group will have completed the long term challenging low margin projects and with the return of substantial new projects with higher margin in-line equipment forecast a return to profitability for the year.

Wozair Limited

Group strategic report (continued) For the year ended 31 December 2018

The Group continued to market its products and services on a worldwide basis through its network of overseas regional offices. In order to develop and expand business Wozair exhibited at numerous Oil & Gas, Powergen, Nuclear and Marine trade shows at home and overseas during 2018, many more than in any previous years.

Also, during the year new products were launched including a retested Fire Damper for the Nuclear market, innovative Sand Louvres, light duty marine shut off dampers and trace heated Inlet Separators.

The considerable expense associated with our marketing effort in 2018 will be recovered over the coming years with additional business and opportunities from new and existing markets.

During the year the Oil Price averaged \$70, up from \$55 average per barrel in 2017. Despite the era of sub \$50 having passed Operators continue to reduce costs and seek ways to make projects more viable.

For 2019 and beyond we see numerous new significant Oil & Gas projects that have been sanctioned and others in the pipeline.

We continue to drive efficiency improvements through the business with engineering, manufacturing and supply chain, whilst developing new and innovative products and services in association with our strategic partners.

We are also focussed more on other areas of business such as offshore wind farms, marine and nuclear, as well as other opportunities for suitable acquisitions and alliances that can deliver value.

To this end during 2019 Wozair Energy has taken a majority shareholding in Thermoplant (Offshore Services) Limited, based in Hull. Wozair specialise in air management, dampers and intake equipment while Thermoplant's expertise is more related to refrigeration equipment, control panels and compact package units. The combined resources of both will provide a comprehensive level of supply and service to our chosen markets, with both organisations benefitting from synergies that will create growth, security and cooperation.

Human Resources

Due to the closure of the Korean office and other necessary restructuring the level of permanent Group human resources reduced from 198 to 184 during 2018. Further reductions in staff levels through natural wastage are anticipated during 2019 as large complex projects complete and the mix of work changes.

Principal risks and uncertainties

The Directors continue to monitor KPIs to mitigate risk and identify new opportunities as they arise. As stated the Oil Price has stabilised but a further fall due to political risks and uncertainties could once again affect investment decisions taken by Operators.

The effect of Brexit and the reduction in the value of sterling so far has been to make our exports more competitive, whilst increasing the costs of imported materials. The Group have currently taken measures with their supply chain to ensure critical raw materials and components are held in stock pending a "no deal". Generally, customers collect completed goods from our UK factory, so the export impact should be limited.

Wozair Limited

Group strategic report (continued)
For the year ended 31 December 2018

Financial key performance indicators

The Directors consider that financial key performance indicators for the Group are profit before tax, cash generation and turnover, hence 2018 has been viewed as a disappointing one-off year that we look to put behind us.

This report was approved by the board on 25 September 2019 and signed on its behalf.

P M Azzopardi
Director

Wozair Limited

Directors' report

For the year ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £186,279 (2017 - profit £1,842,492).

The directors do not recommend the payment of a dividend (2017: £600,000).

Directors

The directors who served during the year were:

P M Azzopardi
S J Collins
S D Azzopardi
C R Cherrington
H A Collins
J N J Hibbs (resigned 19 February 2018)
P R Pendrill
Y Lavaux (appointed 1 April 2018)

Matters covered in the strategic report

Disclosures in respect of future developments have been included as part of the strategic report.

Wozair Limited

Directors' report (continued)
For the year ended 31 December 2018

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 the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 25 September 2019 and signed on its behalf.

P M Azzopardi
Director

Independent auditors' report to the shareholders of Wozair Limited

Opinion

We have audited the financial statements of Wozair Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of comprehensive income, the Group and company Balance sheets, the Group Statement of cash flows, the Group and 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's and of the parent company's affairs as at 31 December 2018 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 for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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

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

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

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 Auditors' 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.

Independent auditors' report to the shareholders of Wozair 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 Group 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 Group 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 on page 4, 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.

Independent auditors' report to the shareholders of Wozair Limited (continued)

Auditors' 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 Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditors' report to the shareholders of Wozair Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.

Scott Miles FCCA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants

Statutory Auditor

Canterbury

25 September 2019

**Consolidated statement of comprehensive income
For the year ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	4	26,595,479	26,437,081
Cost of sales		<u>(19,070,288)</u>	<u>(17,361,604)</u>
Gross profit		7,525,191	9,075,477
Administrative expenses		<u>(7,800,098)</u>	<u>(7,207,294)</u>
Exceptional items	12	<u>(427,121)</u>	<u>-</u>
Operating (loss)/profit	5	(702,028)	1,868,183
Interest receivable and similar income		22,608	3,064
Interest payable and expenses	9	<u>(95,023)</u>	<u>(77,117)</u>
(Loss)/profit before taxation		(774,443)	1,794,130
Tax on (loss)/profit	10	<u>523,718</u>	<u>58,831</u>
(Loss)/profit for the financial year		<u>(250,725)</u>	<u>1,852,961</u>
Currency translation differences		<u>(79,897)</u>	<u>91</u>
Other comprehensive income for the year		(79,897)	91
Total comprehensive income for the year		<u>(330,622)</u>	<u>1,853,052</u>
(Loss)/profit for the year attributable to:			
Non-controlling interests		<u>(64,446)</u>	<u>10,469</u>
Owners of the parent company		<u>(186,279)</u>	<u>1,842,492</u>
		<u>(250,725)</u>	<u>1,852,961</u>

The notes on pages 17 to 39 form part of these financial statements.

Consolidated balance sheet
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible fixed assets		2,256,111	2,554,362
Tangible assets	14	6,139,092	6,524,324
Investments	15	19,480	19,480
		<u>8,414,683</u>	<u>9,098,166</u>
Current assets			
Stocks	16	1,163,186	1,231,375
Debtors: amounts falling due within one year	17	17,345,053	15,011,450
Cash at bank and in hand	18	3,620,216	7,370,787
		<u>22,128,455</u>	<u>23,613,612</u>
Creditors: amounts falling due within one year	19	(9,317,021)	(10,237,636)
Net current assets		<u>12,811,434</u>	<u>13,375,976</u>
Total assets less current liabilities		<u>21,226,117</u>	<u>22,474,142</u>
Creditors: amounts falling due after more than one year	20	(2,188,766)	(2,801,030)
Provisions for liabilities			
Deferred taxation	23	(53,619)	(69,400)
Other provisions		-	642
		<u>(53,619)</u>	<u>(68,758)</u>
Net assets		<u>18,983,732</u>	<u>19,604,354</u>
Capital and reserves			
Called up share capital	24	17,000	17,000
Share premium account	25	128,750	128,750
Capital redemption reserve	25	4,250	4,250
Foreign exchange reserve	25	1,054,362	1,134,259
Profit and loss account	25	17,779,370	18,320,471
Equity attributable to owners of the parent company		<u>18,983,732</u>	<u>19,604,730</u>
Non-controlling interests		-	(376)
		<u>18,983,732</u>	<u>19,604,354</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2019.

P M Azzopardi
Director

The notes on pages 17 to 39 form part of these financial statements.

Company balance sheet
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	2,004,127	2,145,998
Investments	15	4,377,075	4,087,075
		<u>6,381,202</u>	<u>6,233,073</u>
Current assets			
Stocks	16	609,312	623,010
Debtors: amounts falling due within one year	17	14,085,793	14,890,877
Cash at bank and in hand	18	1,293,312	3,335,116
		<u>15,988,417</u>	<u>18,849,003</u>
Creditors: amounts falling due within one year	19	(8,912,194)	(12,674,938)
		<u>7,076,223</u>	<u>6,174,065</u>
Net current assets		<u>7,076,223</u>	<u>6,174,065</u>
Total assets less current liabilities		<u>13,457,425</u>	<u>12,407,138</u>
Creditors: amounts falling due after more than one year	20	(434,982)	(918,490)
Provisions for liabilities			
Deferred taxation	23	(31,966)	(45,482)
		<u>12,990,477</u>	<u>11,443,166</u>
Net assets		<u>12,990,477</u>	<u>11,443,166</u>
Capital and reserves			
Called up share capital	24	17,000	17,000
Share premium account	25	128,750	128,750
Capital redemption reserve	25	4,250	4,250
Foreign exchange reserve	25	3,859	1,144
Profit and loss account carried forward		12,836,618	11,292,022
		<u>12,990,477</u>	<u>11,443,166</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2019.

P M Azzopardi
Director

The notes on pages 17 to 39 form part of these financial statements.

Wozair Limited

Consolidated statement of changes in equity
For the year ended 31 December 2018

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange reserve £	Profit and loss account £	Controlling interests £	Total equity £
At 1 January 2017	17,000	128,750	4,250	1,134,168	17,077,979	-	18,362,147
Comprehensive income for the year							
Profit for the year	-	-	-	-	1,842,492	10,469	1,852,961
Currency translation differences	-	-	-	91	-	-	91
Total comprehensive income for the year	-	-	-	91	1,842,492	10,469	1,853,052
Dividends: Equity capital	-	-	-	-	(600,000)	-	(600,000)
NCI introduced	-	-	-	-	-	(10,845)	(10,845)
Total transactions with owners	-	-	-	-	(600,000)	(10,845)	(610,845)
At 1 January 2018	17,000	128,750	4,250	1,134,259	18,320,471	(376)	19,604,354
Comprehensive income for the year							
Loss for the year	-	-	-	-	(186,279)	(64,446)	(250,725)
Currency translation differences	-	-	-	(79,897)	-	-	(79,897)
Total comprehensive income for the year	-	-	-	(79,897)	(186,279)	(64,446)	(330,622)
NCI removed	-	-	-	-	(354,822)	64,822	(290,000)
At 31 December 2018	17,000	128,750	4,250	1,054,362	17,779,370	-	18,983,732

The notes on pages 17 to 39 form part of these financial statements.

Company statement of changes in equity
For the year ended 31 December 2018

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2017	17,000	128,750	4,250	-	9,553,276	9,703,276
Comprehensive income for the year						
Profit for the year	-	-	-	-	2,338,746	2,338,746
Currency translation differences	-	-	-	1,144	-	1,144
Total comprehensive income for the year	-	-	-	1,144	2,338,746	2,339,890
Dividends: Equity capital	-	-	-	-	(600,000)	(600,000)
At 1 January 2018	17,000	128,750	4,250	1,144	11,292,022	11,443,166
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,544,596	1,544,596
Currency translation differences	-	-	-	2,715	-	2,715
Total comprehensive income for the year	-	-	-	2,715	1,544,596	1,547,311
At 31 December 2018	17,000	128,750	4,250	3,859	12,836,618	12,990,477

The notes on pages 17 to 39 form part of these financial statements.

**Consolidated statement of cash flows
For the year ended 31 December 2018**

	2018 £	2017 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(250,725)	1,852,961
Adjustments for:		
Amortisation of intangible assets	298,251	271,676
Depreciation of tangible assets	567,888	588,123
Loss on disposal of tangible assets	(22,313)	(76,700)
Interest paid	95,023	77,117
Interest received	(22,608)	(3,064)
Taxation charge	(523,718)	(58,831)
Decrease/(increase) in stocks	68,189	(204,540)
(Increase)/decrease in debtors	(2,043,603)	5,050,583
(Decrease) in creditors	(561,630)	(4,499,413)
Increase/(decrease) in provisions	642	(642)
Corporation tax (paid)	(274,243)	(886,586)
Foreign exchange	-	92
Net cash generated from operating activities	(2,668,847)	2,110,776
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(449,446)
Purchase of tangible fixed assets	(263,379)	(473,695)
Sale of tangible fixed assets	52,943	172,502
Purchase of fixed asset investments	(290,000)	-
Interest received	22,608	3,064
HP interest paid	(19,604)	-
Exchange difference on fixed assets	(51,018)	(131,669)
Net cash from investing activities	(548,450)	(879,244)
Cash flows from financing activities		
Repayment of loans	(430,798)	(137,385)
Repayment of/new finance leases	(27,057)	138,769
Dividends paid	-	(600,000)
Interest paid	(75,419)	(77,117)
Dividends paid to non controlling interests	-	(10,845)
Net cash used in financing activities	(533,274)	(686,578)
Net (decrease)/increase in cash and cash equivalents	(3,750,571)	544,954
Cash and cash equivalents at beginning of year	7,370,787	6,825,833
Cash and cash equivalents at the end of year	3,620,216	7,370,787
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,620,216	7,370,787
	3,620,216	7,370,787

**Consolidated Analysis of Net Debt
For the year ended 31 December 2018**

	At 1 January 2018 £	Cash flows £	At 31 December 2018 £
Cash at bank and in hand	7,370,787	(3,750,571)	3,620,216
Debt due after 1 year	(2,737,056)	622,867	(2,114,189)
Debt due within 1 year	(138,672)	(192,069)	(330,741)
Finance leases	(138,771)	27,057	(111,714)
	<u>4,356,288</u>	<u>(3,292,716)</u>	<u>1,063,572</u>

The notes on pages 17 to 39 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2018

1. General information

Wozair Limited is a private company limited by shares incorporated in England with the registration number 03039016. The address of the registered office is 32 Grosvenor Road, Gillingham Business Park, Gillingham, Kent, ME8 0SA.

The principal activity of the group is that of the design and supply of specialist heating, ventilation and air conditioning equipment and systems.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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 group's functional and presentational currency is Pounds Sterling.

The group's financial statements are presented to the nearest £.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pounds Sterling.

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.

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

- the 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 revenue 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge 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 balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of 10 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	25% straight line
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2.13 Tangible fixed assets

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.

Depreciation is provided on the following basis:

Freehold property	-	2% - 20% straight line
Long-term leasehold property	-	Straight line over remaining lease term
Plant and machinery	-	Straight line over 6 years
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line
Office equipment	-	25% - 33% 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 in the Consolidated statement of comprehensive income.

**Notes to the financial statements
For the year ended 31 December 2018**

2. Accounting policies (continued)

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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.

At each balance sheet date, stocks are 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 profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

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

2.19 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 Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

**Notes to the financial statements
For the year ended 31 December 2018**

2. Accounting policies (continued)

2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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 of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the financial statements
For the year ended 31 December 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Contract values

The group has entered into a number of contracts in the year. When the outcome of a contract can be estimated reliably, the company has recognised contract revenue and contract costs associated with the contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (often referred to as the percentage of completion method).

Reliable estimation of the outcome requires reliable estimates of the stage of completion, future costs and collectability of billings.

Goodwill and intangible assets

The group has recognised goodwill and other intangible assets arising from business combinations and other intangible assets that are internally generated with a carrying value of £2,256,111 (2017: £2,554,362) at the reporting date (see note 13). On acquisition the group determines a reliable estimate of the useful life of goodwill and intangible assets based upon factors such as the expected use of the acquired business, forecasts of expected future results and cash flows, and any legal, regulatory or contractual provisions that can limit useful life. At each subsequent reporting date the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the useful life of goodwill and intangible assets.

The classification of intangible assets requires the directors to consider whether the assets meet the recognition criteria in accordance with FRS102.

Tangible fixed assets

The group has recognised tangible fixed assets with a carrying value of £6,139,092 (2017: £6,524,326) at the reporting date (see note 14). These assets are stated at their cost less provision for depreciation and impairment. The group's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the group undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less the incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the group's forecasts for the foreseeable future which do not include any restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Notes to the financial statements
For the year ended 31 December 2018

3. Judgements in applying accounting policies (continued)

Lease commitments

The group has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

Taxation

Provision has been made in the financial statements for deferred tax amounting to £53,619 at the reporting date (see note 23).

This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2018	2017
	£	£
United Kingdom	14,865,205	13,251,739
Rest of Europe	2,796,718	2,749,499
Rest of the world	8,933,556	10,435,843
	<u>26,595,479</u>	<u>26,437,081</u>

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018	2017
	£	£
Research & development expenditure	148,118	132,280
Depreciation of tangible fixed assets	566,965	580,678
Amortisation of intangible assets, including goodwill	298,251	281,887
Profit on disposal of fixed assets	(22,313)	(76,700)
Exchange differences	174,491	63,157
Defined contribution pension cost	153,895	123,939
	<u>153,895</u>	<u>123,939</u>

Notes to the financial statements
For the year ended 31 December 2018

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	12,100	11,750
Fees payable to the Group's auditor and its associates in respect of:		
Audit of accounts of associates of the group	24,070	25,500
Taxation services	7,430	7,750
Other non-audit services	<u>54,201</u>	<u>25,113</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	5,433,048	6,007,838	3,403,134	3,750,687
Social security costs	609,458	429,612	490,195	326,607
Cost of defined contribution scheme	153,895	123,939	106,041	85,022
	<u>6,196,401</u>	<u>6,561,389</u>	<u>3,999,370</u>	<u>4,162,316</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Average number of employees	<u>184</u>	<u>198</u>	<u>124</u>	<u>132</u>

Notes to the financial statements
For the year ended 31 December 2018

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	415,200	380,793
Company contributions to defined contribution pension schemes	50,505	55,111
	<u>465,705</u>	<u>435,904</u>

During the year retirement benefits were accruing to 6 directors (2017 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £121,096 (2017 - £121,048).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,000 (2017 - £NIL).

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	60,876	65,695
Sundry interest	14,543	10,536
Hire purchase interest	19,604	886
	<u>95,023</u>	<u>77,117</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	101,536	622,950
Adjustments in respect of previous periods	(609,473)	(649,423)
Total current tax	<u>(507,937)</u>	<u>(26,473)</u>
Deferred tax		
Origination and reversal of timing differences	(15,781)	(32,358)
Total deferred tax	<u>(15,781)</u>	<u>(32,358)</u>
Taxation on loss on ordinary activities	<u>(523,718)</u>	<u>(58,831)</u>

Notes to the financial statements
For the year ended 31 December 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	<u>(774,443)</u>	<u>1,794,130</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(147,144)	345,370
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	55,883	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	24,996	52,699
Capital allowances for year in excess of depreciation	55,274	11,571
Adjustments to tax charge in respect of prior periods	(609,473)	(649,423)
Other timing differences leading to an increase (decrease) in taxation	-	(82)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(103,598)	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	7,412
Double taxation relief	-	11,317
Entities not subject to UK corporation tax	200,344	162,305
Total tax charge for the year	<u>(523,718)</u>	<u>(58,831)</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. Dividends

	2018 £	2017 £
Dividends paid on equity capital	<u>-</u>	<u>600,000</u>

Notes to the financial statements
For the year ended 31 December 2018

12. Exceptional items

	2018 £	2017 £
Restructuring costs	119,831	-
Legal and professional fees	108,170	-
Impairment of trade receivable	199,120	-
	<u>427,121</u>	<u>-</u>

During the year the group undertook a reorganisation having reviewed the future needs of the trade. This resulted in an exceptional costs in the year totalling £119,831.

In addition the company considered options around the expansion of its services and had enquired into the purchase of another entity in the sector. The purchase of the entity was not completed and resulted in exceptional professional fees totalling £108,170.

The total of these costs of £228,101 have been shown as an exceptional item on the Profit and Loss account along with a specific trade receivable impairment incurred by subsidiary undertaking Wozair (Asia) Pte Limited.

13. Intangible assets

Group and Company

	Software £	Goodwill £	Total £
Cost			
At 1 January 2018	114,516	2,941,222	3,055,738
At 31 December 2018	<u>114,516</u>	<u>2,941,222</u>	<u>3,055,738</u>
Amortisation			
At 1 January 2018	105,086	396,290	501,376
Charge for the year	4,129	294,122	298,251
At 31 December 2018	<u>109,215</u>	<u>690,412</u>	<u>799,627</u>
Net book value			
At 31 December 2018	<u>5,301</u>	<u>2,250,810</u>	<u>2,256,111</u>
At 31 December 2017	<u>9,430</u>	<u>2,544,932</u>	<u>2,554,362</u>

Notes to the financial statements
For the year ended 31 December 2018

14. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost							
At 1 January 2018	2,278,573	3,220,184	1,777,745	983,964	282,140	380,365	8,922,971
Additions	-	-	16,855	206,053	1,043	39,428	263,379
Disposals	-	-	(2,499)	(186,113)	(9,302)	(43,161)	(241,075)
Exchange adjustments	(20,566)	-	(75,893)	(28,899)	(1,846)	(6,633)	(133,837)
	<u>2,258,007</u>						<u>8,811,438</u>
At 31 December 2018	<u>2,258,007</u>	<u>3,220,184</u>	<u>1,716,208</u>	<u>975,005</u>	<u>272,035</u>	<u>369,999</u>	<u>8,811,438</u>
Depreciation							
At 1 January 2018	287,097	89,768	997,373	462,875	208,130	353,402	2,398,645
Charge for the year on owned assets	34,491	33,183	208,158	182,612	22,275	32,240	512,959
Charge for the year on financed assets	-	-	15,961	38,045	-	-	54,006
Disposals	-	-	(1,934)	(153,380)	9,652	(64,783)	(210,445)
Exchange adjustments	(15,127)	-	(46,040)	(14,155)	(1,863)	(5,634)	(82,819)
	<u>306,461</u>						<u>2,672,346</u>
At 31 December 2018	<u>306,461</u>	<u>122,951</u>	<u>1,173,518</u>	<u>515,997</u>	<u>238,194</u>	<u>315,225</u>	<u>2,672,346</u>
Net book value							
At 31 December 2018	<u>1,951,546</u>	<u>3,097,233</u>	<u>542,690</u>	<u>459,008</u>	<u>33,841</u>	<u>54,774</u>	<u>6,139,092</u>
At 31 December 2017	<u>1,991,476</u>	<u>3,130,416</u>	<u>780,372</u>	<u>521,089</u>	<u>74,010</u>	<u>26,963</u>	<u>6,524,326</u>

Notes to the financial statements
For the year ended 31 December 2018

14. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	1,951,546	1,991,476
Long leasehold	3,097,233	3,130,416
	<u>5,048,779</u>	<u>5,121,892</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	42,968	58,929
Motor vehicles	24,455	62,501
	<u>67,423</u>	<u>121,430</u>

Notes to the financial statements
For the year ended 31 December 2018

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost						
At 1 January 2018	1,460,427	1,304,710	645,082	179,626	249,138	3,838,983
Additions	-	11,352	176,058	-	23,746	211,156
Disposals	-	(2,499)	(186,113)	(9,302)	(43,161)	(241,075)
	<u>1,460,427</u>	<u>1,313,563</u>	<u>635,027</u>	<u>170,324</u>	<u>229,723</u>	<u>3,809,064</u>
At 31 December 2018						
Depreciation						
At 1 January 2018	143,170	798,138	351,210	154,977	245,490	1,692,985
Charge for the year on owned assets	11,716	152,632	132,255	5,649	20,145	322,397
Disposals	-	(1,934)	(153,380)	9,652	(64,783)	(210,445)
	<u>154,886</u>	<u>948,836</u>	<u>330,085</u>	<u>170,278</u>	<u>200,852</u>	<u>1,804,937</u>
At 31 December 2018						
Net book value						
At 31 December 2018	<u>1,305,541</u>	<u>364,727</u>	<u>304,942</u>	<u>46</u>	<u>28,871</u>	<u>2,004,127</u>
At 31 December 2017	<u>1,317,257</u>	<u>506,572</u>	<u>293,872</u>	<u>24,649</u>	<u>3,648</u>	<u>2,145,998</u>

Notes to the financial statements
For the year ended 31 December 2018

15. Fixed asset investments

Group

Investments in
subsidiary
companies
£

Cost

At 1 January 2018

19,480

At 31 December 2018

19,480

Company

Investments in
subsidiary
companies
£

Cost or valuation

At 1 January 2018

4,087,075

Additions

290,000

At 31 December 2018

4,377,075

Notes to the financial statements
For the year ended 31 December 2018

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Wozair (Asia) Pte Ltd	3 International Business Park, Nordic European Centre, Singapore 609927.	Ordinary	100%
Wozair (USA) Limited	3601 North Loop, 336 West, Conroe, Texas 77304, USA.	Ordinary	100%
Achilles Properties Limited	32 Grosvenor Road, Gillingham Business Park, Gillingham, Kent, ME8 0SA.	Ordinary	100%
Jet AHU Limited	32 Grosvenor Road, Gillingham Business Park, Gillingham, Kent, ME8 0SA.	Ordinary	100%
Jet Environmental Systems Limited	32 Grosvenor Road, Gillingham Business Park, Gillingham, Kent, ME8 0SA.	Ordinary	100%
Veotec Limited	32 Grosvenor Road, Gillingham Business Park, Gillingham, Kent, ME8 0SA.	Ordinary	100%
Veotec Holdings Limited	32 Grosvenor Road, Gillingham Business Park, Gillingham, Kent, ME8 0SA.	Ordinary	100%
Veotec Group Limited	32 Grosvenor Road, Gillingham Business Park, Gillingham, Kent, ME8 0SA.	Ordinary	100%

During the year Wozair Limited acquired the remaining 40% of the share capital of Veotec Limited and Veotec Group Limited.

The results of Veotec (Americas) Inc, a 100% subsidiary of Veotec Group Limited, and Veotec (Americas) LLC, a 50% subsidiary of Veotec (Americas) Inc, have been excluded from the consolidated statements on the grounds of materiality.

16. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Stock	1,163,186	1,231,375	609,312	623,010
	<u>1,163,186</u>	<u>1,231,375</u>	<u>609,312</u>	<u>623,010</u>

Notes to the financial statements
For the year ended 31 December 2018

17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	6,182,417	5,784,021	2,932,994	3,810,067
Amounts owed by group undertakings	-	-	2,461,219	3,005,474
Other debtors	2,217,738	1,261,263	1,976,448	1,161,029
Prepayments and accrued income	8,944,898	7,966,166	6,715,132	6,914,307
	<u>17,345,053</u>	<u>15,011,450</u>	<u>14,085,793</u>	<u>14,890,877</u>

Included within other debtors is an amount due to the company from directors of £898,505 (2017: £409,404).

18. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	3,620,216	7,370,787	1,293,312	3,335,116
	<u>3,620,216</u>	<u>7,370,787</u>	<u>1,293,312</u>	<u>3,335,116</u>

19. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	330,741	138,672	192,069	-
Trade creditors	5,042,565	4,184,234	3,109,335	3,002,274
Amounts owed to group undertakings	-	-	4,332,932	5,165,552
Corporation tax	366,100	874,061	290,000	479,098
Other taxation and social security	279,525	204,257	137,397	126,843
Obligations under finance lease and hire purchase contracts	37,137	74,797	-	-
Other creditors	432,378	569,502	99,023	498,062
Accruals and deferred income	2,828,575	4,192,113	751,438	3,403,109
	<u>9,317,021</u>	<u>10,237,636</u>	<u>8,912,194</u>	<u>12,674,938</u>

The bank has a fixed and floating charge over the company's assets and a charge over any credit balance bank accounts.

Notes to the financial statements
For the year ended 31 December 2018

20. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	2,114,189	2,737,056	434,982	918,490
Net obligations under finance leases and hire purchase contracts	74,577	63,974	-	-
	<u>2,188,766</u>	<u>2,801,030</u>	<u>434,982</u>	<u>918,490</u>

The bank has a fixed and floating charge over the company's assets and a charge over any credit balance bank accounts.

21. Loans

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due within one year				
Bank loans	330,741	138,672	192,069	-
	<u>330,741</u>	<u>138,672</u>	<u>192,069</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	989,670	918,490	434,982	918,490
	<u>989,670</u>	<u>918,490</u>	<u>434,982</u>	<u>918,490</u>
Amounts falling due after more than 5 years				
Bank loans	1,124,519	1,818,567	-	-
	<u>1,124,519</u>	<u>1,818,567</u>	<u>-</u>	<u>-</u>

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £
Within one year	37,137	74,797
Between 1-5 years	74,577	63,974
	<u>111,714</u>	<u>138,771</u>

Notes to the financial statements
For the year ended 31 December 2018

23. Deferred taxation

Group

	2018
	£
At beginning of year	(69,400)
Charged to profit or loss	15,781
At end of year	<u>(53,619)</u>

Company

	2018
	£
At beginning of year	(45,482)
Charged to profit or loss	13,516
At end of year	<u>(31,966)</u>

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Accelerated capital allowances	(53,619)	(70,858)	(31,966)	(46,407)
Tax losses carried forward	-	1,458	-	925
	<u>(53,619)</u>	<u>(69,400)</u>	<u>(31,966)</u>	<u>(45,482)</u>

24. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
17,000 (2017 - 17,000) Ordinary shares of £1.00 each	<u>17,000</u>	<u>17,000</u>

Notes to the financial statements
For the year ended 31 December 2018

25. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued by the company. Share premium may only be utilised to write-off any expenses incurred or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Foreign exchange reserve

This reserve comprises translation differences arising from the translation of financial statements of the group's foreign entities in to Pounds Sterling.

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

26. Commitments under operating leases

At 31 December 2018 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	620,310	628,485	427,572	429,068
Later than 1 year and not later than 5 years	2,165,024	2,209,067	1,680,000	1,685,304
Later than 5 years	3,085,272	3,584,229	2,520,000	2,940,000
	<u>5,870,606</u>	<u>6,421,781</u>	<u>4,627,572</u>	<u>5,054,372</u>

27. Related party transactions

	2018 £	2017 £
Sales to subsidiary undertaking (not wholly owned)	-	53,875
Purchases from subsidiary undertaking (not wholly owned)	-	137,308
Amounts due from subsidiary undertaking (not wholly owned)	-	573,548
Dividends paid to shareholders	-	600,000
Loans due from directors	<u>898,505</u>	<u>409,404</u>

Key Management Personnel

Total remuneration in respect of key management personnel is comprised of directors remuneration totalling £465,705 (2017: £436,104).

**Notes to the financial statements
For the year ended 31 December 2018**

28. Controlling party

In the opinion of the directors, there is no ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.