

Registered number: SC048005

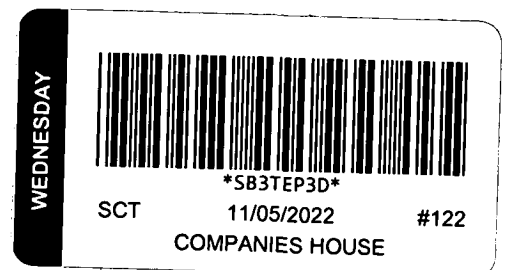
---

**STAR REFRIGERATION LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



---

**STAR REFRIGERATION LIMITED**

---

**COMPANY INFORMATION**

---

**DIRECTORS**

M J Barr CEng  
B S Brown  
L Brown PhD  
A Douglas CA  
R A Lamb CEng PhD  
A B Pearson CEng PhD  
D F Pearson  
N F Rae Chartered MCIPD  
J R Rowell (Chairman)  
J T Ward

**REGISTERED NUMBER**

SC048005

**REGISTERED OFFICE**

Block 3  
Units 1, 2, 3 & 4  
Thornliebank Industrial Estate  
Glasgow  
G46 8JW

**INDEPENDENT AUDITOR**

French Duncan LLP  
Chartered Accountants and Statutory Auditor  
133 Finnieston Street  
Glasgow  
G3 8HB

**BANKERS**

The Royal Bank of Scotland plc  
116 Cowgate, Kirkintilloch  
Glasgow  
G66 1JX

**SOLICITORS**

Dentons UK and Middle East LLP  
1 George Square  
Glasgow  
G2 1AL

---

**STAR REFRIGERATION LIMITED**

---

**CONTENTS**

---

	Page
<b>Group strategic report</b>	1 - 4
<b>Directors' report</b>	5 - 9
<b>Directors' responsibilities statement</b>	10
<b>Independent auditor's report</b>	11 - 14
<b>Consolidated statement of comprehensive income</b>	15
<b>Consolidated balance sheet</b>	16 - 17
<b>Company balance sheet</b>	18 - 19
<b>Consolidated statement of changes in equity</b>	20 - 21
<b>Company statement of changes in equity</b>	22 - 23
<b>Consolidated statement of cash flows</b>	24 - 25
<b>Notes to the financial statements</b>	26 - 48

---

## STAR REFRIGERATION LIMITED

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### INTRODUCTION

The Group's principal activity continues to be the design, manufacture, installation and maintenance of industrial refrigeration plant. The major uses of this plant are in temperature controlled storage & buildings, food processing factories, breweries and other industrial processes requiring the removal of heat. Star Renewable Energy provides industrial scale heating systems in the UK, European and global market based on heat pump technology.

Starfrost (UK) Limited's principal activity is the manufacture of automated freezing and chilling systems for various types of food products.

Star M&E Solutions Limited's principal activity is electrical contracting including the design and manufacture of control panels.

Star's US subsidiary, Azane Inc, is introducing Star Refrigeration's system designs to the North American market.

#### BUSINESS REVIEW

Star Refrigeration turnover for 2021 at £56,335k was 7% above the prior year due to continued growth in aftercare services plus increased contracting of freezer equipment and additional refrigeration projects in the USA. Margin levels were adversely affected by deteriorating supply chain conditions during 2021, with cost inflation and longer lead times having a detrimental effect on profitability.

#### Subsidiaries

Starfrost (UK) Limited experienced strong growth in the sale of new freezer equipment and aftercare services in 2021. Supply chain challenges and higher costs led to lower margins during the year.

Star M&E Solutions Limited remains focussed on Star Refrigeration's contract and maintenance business. The supply of electrical panels to Starfrost (UK) Limited and Azane Inc continues to support profitable growth.

Azane Inc. continues to focus on developing target sectors in USA, with further new projects received during 2021 for our low charge ammonia refrigeration systems. The first Azanefreezer system was delivered in 2021 and successfully commissioned.

#### Environment

The majority of our installations in 2021 used ammonia as the refrigerant, with a focus on delivering as high an efficiency as possible in order to minimise the environmental impact of the system. Where new installations containing HFC refrigerants are used they are predominantly in high efficiency chiller systems or low charge condensing units which are designed to minimise refrigerant leakage. The Group no longer offers high GWP refrigerants such as R 404A and R 507 for new equipment. During 2021, we continued to develop our range of CO2 units for low temperature systems based on the Star low pressure receiver.

---

## STAR REFRIGERATION LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### PRINCIPAL RISKS AND UNCERTAINTIES

The combined order books for Star, Starfrost and Star M&E Solutions are currently healthy, particularly in the food sector. There is a risk that market uncertainty from the UK's exit from the European Union could result in a slow down in customer investments during 2022. The continued challenging conditions due to the COVID 19 pandemic and current political uncertainties in Eastern Europe increase the risk of short term volatility across our business, with potential consequences for supply chain, staff availability and customer operations.

The directors have established mitigation plans to deal with the impact of COVID 19, which include conserving cash, deploying staff to support changing circumstances, adapting supply chains and utilising additional funding facilities if required. We continue to ensure that we have sufficient short term cash reserves, with further resources available to manage targeted growth and build on already strong margins in the business.

#### Financial instrument risks

The Group's policy does not permit the use of financial derivatives other than forward exchange contracts, which are sometimes taken out as hedges against specific contract commitments. The Group's principal financial instruments comprise cash, short term deposits and/or borrowings.

The Group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the Group's financial instruments are with liquidity and credit. The Group has clear policies for managing these risks as summarised below.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Investment levels and cash flows are carefully controlled, with authorisation limits operating at different levels up to group board level.

#### Credit risk

Risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the group provides goods and services on deferred credit terms. Group policies are aimed at minimising such losses, and require that deferred credit terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Goods may be sold on a cash with order basis to mitigate credit risk and credit insurance continues to be placed on a selective basis.

#### Contract risk

The Group conducts a significant element of its business under customer contracts. The key to the management of contract risk is robust tendering procedures supported by effective operational management.

#### Compliance with regulations

As a Group we work to comply with all relevant legislation including health & safety and employment law. We have processes in place to ensure compliance across the business with regular reporting to the Board on these matters.

---

## STAR REFRIGERATION LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### FINANCIAL KEY PERFORMANCE INDICATORS

	2021 £000	2020 £000	Change %
Group Turnover	56,335	52,871	+6.6%
Gross Profit	7,553	7,931	-5.2%
Gross Profit %	13.4%	15.0%	-1.7%
Profit before taxation	377	1,042	-55.4%
Employees (numbers)	397	376	+5.6%

#### KEY NON FINANCIAL PERFORMANCE INDICATORS

Star Refrigeration Ltd operates a quality management system that meets the requirements of the Pressure Equipment (Safety) Regulations 2016 and International Standards BS EN ISO 9001:2015 and BS ISO 45001:2018. This system reinforces the Group's commitment to achieve the highest standards through the continuous improvement in its products and services. In 2021 the ISO 9001 quality management system scope was extended to include Starfrost (UK) Ltd.

The environmental impact of the Group's activities is closely monitored. The Group follows the principles of BS EN ISO 14001:2015 but is not yet accredited to the standard. The directors recognise that the Group's activities have both direct and indirect effects on the environment. Almost 90% of the direct effect is through the use of vehicles. As a service organisation, this cannot be fully eliminated, however the Group aims to minimise the effect through the provision of low emission vehicles for staff wherever possible plus regular driver training, improved work scheduling and the encouragement of car sharing or use of public transportation where appropriate. The indirect effect of our activities on the environment comes from the use of our systems by our customers. The Group has pioneered the use of natural refrigerants with zero Global Warming Potential (GWP) and aims to make these systems as efficient as possible through system design, implementation and the sharing of findings and experiences in public presentations.

The Group seeks to reward employees with an attractive package of salary and benefits which is regularly benchmarked against similar industries. Investment in staff training, development and a high level of pension contributions and welfare support are also provided. Following accreditations to Investors in People and Investors in Young People standards in 2017 the Group successfully achieved re-accreditation during 2020 at platinum and gold levels respectively. These valued accreditations demonstrate the continued strong investment in our apprentice, graduate and fast track trainee programmes.

The Group regularly tracks the accident and near miss rates for all employees. The accident rate trend has been steadily reduced from a figure of 23 accidents per 100 employees in 2002 and the 2021 rate for the Group is 5.0 per 100 employees (2020: 6.7). Continued effort is applied to address issues through root cause analysis and an increased focus on unsafe condition & near miss reporting plus follow-up communications. The current rate also reflects the introduction of stricter recording and reporting policies in house.

#### STRATEGIC DEVELOPMENT

The Group's strategy is to strengthen our core business in the United Kingdom while growing into related areas. Our development of maintenance and service capability has been underlined by the renewal of long term contracts with key accounts and the addition of new customers. This includes the maintenance of a growing number of systems not originally installed by the Group and our Ethos monitoring system has been an essential part of that progress. We continue to develop the industrial heat pump market in the United Kingdom and to export our core refrigeration technologies to overseas markets.

---

**STAR REFRIGERATION LIMITED**

---

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP**

The directors acknowledge and understand their duties and responsibilities, including that of section 172 of the Companies Act 2006. Each director of the Group must act in the way he or she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regards (amongst other matters) to:

- The likely consequences of any decisions taken in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct.

The board also recognises that the long-term success of the Group is dependent upon the way we interact with our important stakeholders – including our shareholders, colleagues, customers and suppliers. The directors have considered the interests of our stakeholders while complying with our obligations to promote the ongoing success of the business.

When the board are making decisions, we consider financial and non-financial risks and rewards in the pursuit of delivering long-term value to the Group's stakeholders.

The directors, both individually and collectively as the board, consider the decisions taken during the year ended 31 December 2021 were in conformance of their duty under section 172 of the Companies Act.

This report was approved by the board on

*29/03/22*

and signed on its behalf.



**A B Pearson**  
Director

---

## STAR REFRIGERATION LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

---

The directors present their report and the financial statements for the year ended 31 December 2021.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £228 thousand (2020 - £869 thousand).

A dividend of 15p per share was paid in the year in relation to the 2020 results. The directors recommend payment of a dividend of 5p per share in relation to the 2021 results.

#### DIRECTORS

The directors who served during the year and to the date of this report were:

M J Barr CEng  
B S Brown  
L Brown PhD  
A Douglas CA  
R A Lamb CEng PhD  
A B Pearson CEng PhD  
D F Pearson  
N F Rae Chartered MCIPD  
J R Rowell (Chairman)  
J T Ward

#### FUTURE DEVELOPMENTS

Star Refrigeration uses its expertise in heat transfer, packaged solutions and control systems to offer innovative solutions across a range of markets. These include large heat pumps and energy monitoring systems. Growing uncertainties over the cost of energy and the long term availability of HFC refrigerants have made our range of packaged refrigeration systems using ammonia and carbon dioxide increasingly attractive to our customers. In 2021 we launched an app for monitoring cold store energy consumption that enables owners to compare their system performance with other similar facilities. This has helped to raise awareness of energy use in cold stores and the benefits gained by working with Star Refrigeration.

#### RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development is primarily focussed on highly efficient refrigeration systems with low environmental impact. Research and development is conducted in house and focuses on the improvement of industrial refrigeration and heat pump efficiency and the reduction of environmental impact, including energy usage.

---

## STAR REFRIGERATION LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### ENGAGEMENT WITH EMPLOYEES

During the year, the company consulted regularly with staff on a range of subjects including working arrangements under COVID restrictions through our Staff Health & Safety Committees. The Staff Communications and Continuous Improvement Group has contributed valuable insights across the business through regular meetings between local management and staff, resulting in new developments in our staff benefits package. Employees participate directly in the success of the business through the group's profit sharing schemes. The Group operates an HMRC approved employee share ownership trust, established in 2007. There are 147 employee shareholders through this trust (2020: 137).

#### GENDER PAY GAP REPORTING AND EQUALITY

From 2017, Star Refrigeration Limited has been required to report on the pay gap between male and female employees in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. As at April 2021 the Company employed more men (288) than women (54), with the majority of posts in both the management team and executive board held by men. Our published statistics (registered on the Government's website and carried on the Company's website) show that in the top three quarters of earners (typically technical staff and engineering managers) only 5% are women. It is only in the lowest quartile that the figures are balanced, with 51.2% male and 48.8% female staff. The split between male and female staff in the upper quartiles is a fair reflection of the number of applications we receive from advertised posts, although across the engineering sector as a whole, 14.5% of the workforce is female. The Board of Directors seek to ensure that there is no gender bias in salary at all levels of the Company. The Company continues to support several initiatives to encourage more women to take up careers in engineering, including sponsorship of Glasgow University's FemEng Society and the Women in Engineering Day and working with Developing Young Workforce to promote career paths in engineering to school age children. In 2019, The Institution of Engineering and Technology in the UK reported that there is a shortfall of at least 59,000 candidates per year for both craft and professional engineer posts in the UK. The Board of Directors recognise that encouraging female candidates to apply for apprentice and graduate level positions will increase the Company's ability to recruit and retain skilled staff. The Company continues to promote an inclusive workplace culture.

The gender balance in pay quartiles reported for 2021 is:

	Highest Paid	2nd Quartile	3rd Quartile	Lowest Paid
Men	97.7%	95.3%	91.9%	51.2%
Women	2.3%	4.7%	8.1%	48.8%
Percentage who received bonus pay	Men 86.5%	Women 96.3%		
Gender pay gap:	Difference between men and women:			
	Mean	Median		
Hourly fixed pay	39.4%	45.7%		
Bonus pay	36.1%	42.8%		

Gender pay gap reporting is not required under the 2017 Act for Starfrost (UK) Ltd and Star M&E Solutions Limited because they have less than 250 employees.

---

**STAR REFRIGERATION LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS**

In delivering our Group strategy and in accordance with our core values, we seek to act fairly and clearly in our long term partnerships with customers and approved suppliers / sub contractors. For over 50 years, Star Refrigeration has pioneered many developments in the technology behind our refrigeration systems to provide customers with access to tailor made solutions which solve their specific circumstances.

**DISABLED EMPLOYEES**

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**POST BALANCE SHEET EVENTS**

There are no post balance sheet events.

**GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION**

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013 requires all non-quoted large companies to report the greenhouse gas emissions for which they are responsible and any environmental matters which are material to the company's operations. This is the second year of disclosure and complies with the requirements of Streamlined Energy and Carbon Reporting (SECR).

We have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our SECR Report. We do not have responsibility for any emission sources that are not included in our SECR Report. Our calculations for greenhouse gas emissions are in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Offsetting is under consideration for deployment on establishment of a robust mechanism however, our focus is currently on direct CO2 reduction.

The Group's greenhouse gas emissions and energy consumption for the year are:

Source of Energy & Emissions	Energy Consumption (MWh)		GHG Emissions (tCO2e)	
	2021	2020	2021	2020
Combustion of Natural Gas	1,251 *	698	229	128
Combustion of Fuel in Company Vehicles+	2,468	2,213	597	546
<b>Scope 1 Total</b>	<b>3,719</b>	<b>2,911</b>	<b>826</b>	<b>674</b>
Generation of Purchased Electricity	351	337	75	79
<b>Scope 2 Total</b>	<b>351</b>	<b>337</b>	<b>75</b>	<b>79</b>
Combustion of Fuel in Staff Owned & Rental Vehicles	398	954	94	229
<b>Scope 3 Total</b>	<b>398</b>	<b>954</b>	<b>94</b>	<b>229</b>
<b>Renewable Generation</b>			-6	-6
<b>Grand Total</b>	<b>4,468</b>	<b>4,202</b>	<b>989</b>	<b>976</b>
<b>Hours Worked (000's hours)</b>	<b>725</b>	<b>762</b>	<b>725</b>	<b>762</b>
<b>Intensity</b>	<b>6.16</b>	<b>5.51</b>	<b>1.36</b>	<b>1.28</b>

---

STAR REFRIGERATION LIMITED

---

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

**GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION  
(continued)**

Notes:

\* *The increase in gas use reflects a combination of increased pressure vessel production and chiller testing coupled with the installation of "heat pump ready" (low flow temperature) factory heating at Thornliebank. The short-term source for the factory heating is a gas boiler, which will be replaced with a heat pump in future. The previous gas-fired factory heating system was out-of-service in 2020.*

+ *the company vehicle fleet currently comprises 54 diesel, 22 electric, 12 PHEV and 7 hybrid vehicles with an average of 78g/km CO<sub>2</sub> emission. Deliveries pending comprise 7 diesel, 15 electric, 2 PHEV and 2 hybrid vehicles with an average of 43g/km CO<sub>2</sub> emission.*

We encourage everyone to reduce, reuse, and recycle wherever possible. We are increasing our efforts in order to achieve Science Based Targets guided by the principles of the 17 United Nations Sustainability Goals.

Our immediate focus is on travel reduction and fuel types for travel, with significant progress made in 2021 as the number of plug-in vehicles used by staff increased significantly to 34 with a further 17 orders pending delivery. A successful short-term trial of a fully electric vehicle suitable for service engineering staff was completed in 2021 with a vehicle on order to conduct a longer trial later in 2022. The Company launched the "Star e-drive" scheme in June 2021, a salary sacrifice arrangement offering all staff the opportunity to acquire a fully electric vehicle. Since launch, the scheme has delivered 5 vehicles with a further 3 pending delivery.

A goal of zero fossil fuel use for company vehicles seems achievable by 2030.

---

**STAR REFRIGERATION LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**DISCLOSURE OF INFORMATION TO AUDITOR**

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 auditor is 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 auditor is aware of that information.

**GOING CONCERN**

The Directors ordinarily review and update cash flow and trading forecasts to ensure the Group has sufficient resources to enable it to meet its liabilities as they fall due for a period of twelve months from the date of signing the financial statements. Given the continued uncertainty driven by the Covid 19 pandemic, the Directors have considered a number of potential scenarios, and are confident that the Group has adequate resources to continue trading as a going concern. The Directors have based their assessment on current level of cash resources, the availability of credit facilities from its bankers as well as the flexibility of the company and its workforce to adapt to a changing environment.

**AUDITOR**

The auditor, French Duncan LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29/03/22 and signed on its behalf.



**A B Pearson**  
Director

---

**STAR REFRIGERATION LIMITED**

---

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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.

---

## STAR REFRIGERATION LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAR REFRIGERATION LIMITED

---

#### OPINION

We have audited the financial statements of Star Refrigeration 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 and Company Balance sheets, the Consolidated Statement of Cash Flows, the Consolidated 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 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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's or the 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.

---

## STAR REFRIGERATION LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAR REFRIGERATION LIMITED (CONTINUED)

---

#### OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### 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 set out on page 10, 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.

---

## STAR REFRIGERATION LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAR REFRIGERATION LIMITED (CONTINUED)

---

#### 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 Group financial statements.

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:

#### The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

---

**STAR REFRIGERATION LIMITED**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAR REFRIGERATION LIMITED  
(CONTINUED)**

---

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

There are inherent limitations in our audit procedures described above. The more removed the laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspections of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen G Hughes (Senior statutory auditor)

for and on behalf of  
**French Duncan LLP**

Chartered Accountants and Statutory Auditor

133 Finnieston Street  
Glasgow  
G3 8HB

Date: *30 March, 2022*

**STAR REFRIGERATION LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	4	56,335	52,871
Cost of sales		(48,782)	(44,940)
<b>Gross profit</b>		<u>7,553</u>	<u>7,931</u>
Distribution costs		(1,947)	(1,906)
Administrative expenses		(5,269)	(5,193)
Other operating income	5	15	166
<b>Operating profit</b>	6	<u>352</u>	<u>998</u>
Interest receivable and similar income	10	25	47
Interest payable and similar charges		-	(3)
<b>Profit before taxation</b>		<u>377</u>	<u>1,042</u>
Tax on profit	11	(149)	(173)
<b>Profit for the financial year</b>		<u>228</u>	<u>869</u>
Movement on foreign exchange reserve		(19)	59
Loss on sale of treasury shares		-	(11)
<b>Other comprehensive income for the year</b>		<u>(19)</u>	<u>48</u>
 <b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		<u>209</u>	<u>917</u>
		<u>209</u>	<u>917</u>

The notes on pages 26 to 48 form part of these financial statements.

**STAR REFRIGERATION LIMITED**  
**REGISTERED NUMBER: SC048005**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	14	1,859	2,029
<b>Current assets</b>			
Stocks	16	526	418
Debtors: amounts falling due after more than one year	17	-	146
Debtors: amounts falling due within one year	17	16,570	12,794
Cash at bank and in hand	18	5,706	12,359
		<u>22,802</u>	<u>25,717</u>
Creditors: amounts falling due within one year	19	<u>(14,855)</u>	<u>(18,141)</u>
<b>Net current assets</b>		<b>7,947</b>	<b>7,576</b>
<b>Total assets less current liabilities</b>		<b>9,806</b>	<b>9,605</b>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(107)	(76)
Other provisions	21	(866)	(776)
		<u>(973)</u>	<u>(852)</u>
<b>Net assets</b>		<b>8,833</b>	<b>8,753</b>
<b>Capital and reserves</b>			
Called up share capital	22	968	954
Share premium account	23	309	309
Foreign exchange reserve	23	40	59
Other reserves	23	(92)	(92)
Profit and loss account	23	7,608	7,523
<b>Equity attributable to owners of the parent Company</b>		<b>8,833</b>	<b>8,753</b>

---

STAR REFRIGERATION LIMITED  
REGISTERED NUMBER: SC048005

---

CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2021

---

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



29/03/22

**A B Pearson**  
Director

The notes on pages 26 to 48 form part of these financial statements.

**STAR REFRIGERATION LIMITED**  
**REGISTERED NUMBER: SC048005**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	14	1,610	1,721
Investments	15	945	945
		<u>2,555</u>	<u>2,666</u>
<b>Current assets</b>			
Stocks	16	444	383
Debtors: amounts falling due after more than one year	17	-	882
Debtors: amounts falling due within one year	17	11,683	11,434
Cash at bank and in hand	18	3,128	8,843
		<u>15,255</u>	<u>21,542</u>
Creditors: amounts falling due within one year	19	(9,739)	(15,646)
		<u>5,516</u>	<u>5,896</u>
<b>Net current assets</b>			
		<u>5,516</u>	<u>5,896</u>
<b>Total assets less current liabilities</b>			
		<u>8,071</u>	<u>8,562</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(91)	(72)
Other provisions	21	(592)	(607)
		<u>(683)</u>	<u>(679)</u>
<b>Net assets</b>			
		<u>7,388</u>	<u>7,883</u>
<b>Capital and reserves</b>			
Called up share capital	22	968	954
Share premium account	23	309	309
Other reserves	23	(92)	(92)
Profit and loss account	23	6,203	6,712
		<u>7,388</u>	<u>7,883</u>

---

**STAR REFRIGERATION LIMITED**  
**REGISTERED NUMBER: SC048005**

---

**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2021**

---

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



29/03/22

**A B Pearson**  
Director

The notes on pages 26 to 48 form part of these financial statements.

STAR REFRIGERATION LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	954	309	59	(92)	7,523	8,753
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	228	228
Foreign exchange movement in year	-	-	(19)	-	-	(19)
Dividends: Equity capital	-	-	-	-	(143)	(143)
Shares issued during the year	14	-	-	-	-	14
<b>Total transactions with owners</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(143)</b>	<b>(129)</b>
<b>At 31 December 2021</b>	<b>968</b>	<b>309</b>	<b>40</b>	<b>(92)</b>	<b>7,608</b>	<b>8,833</b>

The notes on pages 26 to 48 form part of these financial statements.

STAR REFRIGERATION LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Treasury shares	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2020	954	309	(31)	-	(92)	6,758	7,898
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	869	869
Foreign exchange movement in year	-	-	-	59	-	-	59
Loss on sale of treasury shares	-	-	-	-	-	(11)	(11)
Dividends: Equity capital	-	-	-	-	-	(93)	(93)
Net movement in treasury share reserve	-	-	31	-	-	-	31
<b>Total transactions with owners</b>	-	-	31	-	-	(93)	(62)
<b>At 31 December 2020</b>	<b>954</b>	<b>309</b>	<b>-</b>	<b>59</b>	<b>(92)</b>	<b>7,523</b>	<b>8,753</b>

The notes on pages 26 to 48 form part of these financial statements.

---

STAR REFRIGERATION LIMITED

---

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	954	309	(92)	6,712	7,883
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(366)	(366)
<b>Transactions with owners</b>					
Dividends: Equity capital	-	-	-	(143)	(143)
Shares issued during the year	14	-	-	-	14
<b>Total transactions with owners</b>	14	-	-	(143)	(129)
<b>At 31 December 2021</b>	<b>968</b>	<b>309</b>	<b>(92)</b>	<b>6,203</b>	<b>7,388</b>

The notes on pages 26 to 48 form part of these financial statements.

---

**STAR REFRIGERATION LIMITED**

---

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

	Called up share capital	Share premium account	Treasury shares	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2020	954	309	(31)	(92)	6,258	7,398
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	558	558
Loss on sale of treasury shares	-	-	-	-	(11)	(11)
<b>Transactions with owners</b>						
Dividends: Equity capital	-	-	-	-	(93)	(93)
Net movement in treasury share reserve	-	-	31	-	-	31
<b>Total transactions with owners</b>	-	-	31	-	(93)	(62)
<b>At 31 December 2020</b>	<b>954</b>	<b>309</b>	<b>-</b>	<b>(92)</b>	<b>6,712</b>	<b>7,883</b>

The notes on pages 26 to 48 form part of these financial statements.

---

**STAR REFRIGERATION LIMITED**

---

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

	2021 £000	2020 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	228	869
<b>Adjustments for:</b>		
Depreciation of tangible assets	380	400
Loss on disposal of tangible assets	-	2
Interest paid	-	3
Interest received	(24)	(47)
Taxation charge	149	173
(Increase)/decrease in stocks	(108)	100
(Increase) in debtors	(3,630)	(377)
(Decrease)/increase in creditors	(2,759)	5,322
Increase/(decrease) in provisions	121	(19)
Corporation tax (paid)/received	(288)	22
<b>Net cash (utilised)/generated from operating activities</b>	<b>(5,931)</b>	<b>6,448</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(210)	(212)
Sale of tangible fixed assets	-	13
<b>Net cash used in investing activities</b>	<b>(210)</b>	<b>(199)</b>

**STAR REFRIGERATION LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	14	-
Sale of treasury shares	-	20
Other new loans	-	350
Repayment of other loans	(350)	-
Repayment of/new finance leases	(38)	(37)
Dividends paid	(143)	(93)
Interest paid	-	(3)
Interest received (financing activities)	24	47
Foreign exchange movement	(19)	59
	<b>(512)</b>	<b>343</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,653)</b>	<b>6,592</b>
Cash and cash equivalents at beginning of year	12,359	5,767
	<b>5,706</b>	<b>12,359</b>
<b>Cash and cash equivalents at the end of year</b>	<b>5,706</b>	<b>12,359</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,706	12,359
	<b>5,706</b>	<b>12,359</b>

The notes on pages 26 to 48 form part of these financial statements.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1. GENERAL INFORMATION

The parent company (company number: SC048005) is a private company limited by shares and is incorporated in Scotland. The address of its registered office is Block 3, Units 1, 2, 3 & 4, Thornliebank Industrial Estate, Glasgow, G46 8JW.

#### 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 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 Group management to exercise judgement in applying the Company's accounting policies (see note 3).

The accounts are prepared in GBP and presented in £000.

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 formed 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.

##### 2.3 GOING CONCERN

The Directors ordinarily review and update cash flow and trading forecasts to ensure the Group has sufficient resources to enable it to meet its liabilities as they fall due for a period of twelve months from the date of signing the financial statements. Given the continued uncertainty driven by the COVID-19 pandemic the Directors have considered a number of potential scenarios, and are confident that the Group has adequate resources to continue trading as a going concern. The Directors have based their assessment on current level of cash resources, the availability of credit facilities from its bankers as well as the flexibility of the company and its workforce to adapt to a changing environment.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

## 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 TANGIBLE FIXED ASSETS

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

Certain leasehold properties were revalued in 1989. The company has adopted the transitional provisions of FRS 102, and therefore these valuations have not been updated and are now considered to be deemed cost.

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 the Consolidated statement of comprehensive income during the period in which they are incurred.

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.5 TANGIBLE FIXED ASSETS (continued)**

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:

Freehold property	- Over 25 to 50 years
Long-term leasehold property	- Shorter of 50 years or over the term of the lease
Short-term leasehold property	- Over the lease term
Plant, machinery and equipment	- Over 3 to 10 years

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.

**2.6 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 period of the lease.

**2.7 DEVELOPMENT COSTS**

Research and development expenditure is written off in the year it is incurred.

**2.8 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.9 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 the Consolidated statement of comprehensive income.

**2.10 LONG-TERM CONTRACTS**

Amounts recoverable on contracts which are included in debtors are stated at cost as defined above, plus attributable profit to the extent that this is reasonably certain less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments.

For any contracts where receipts exceed the book value of work done, the excess is included in trade and other payables as payments on account.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 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.

### 2.12 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.

### 2.13 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 accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Consolidated 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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.14 CREDITORS

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

### 2.15 GOVERNMENT GRANTS

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of comprehensive income 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 Consolidated statement of comprehensive income in the same period as the related expenditure.

### 2.16 FOREIGN CURRENCY TRANSLATION

#### Functional and presentation currency

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

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 a separate foreign exchange reserve.

### 2.17 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.

### 2.18 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.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.19 LEASED ASSETS: THE GROUP AS LESSOR

Where assets leased to a third party give rights approximating to ownership (finance lease), the lessor recognises as a receivable an amount equal to the net investment in the lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease.

A finance lease gives rise to two types of income: profit or loss equivalent to the profit or loss resulting from outright sale of the asset being leased, at normal selling prices, reflecting any applicable discounts, and finance income over the lease term.

### 2.20 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.

### 2.21 INTEREST INCOME

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

### 2.22 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.

### 2.23 Finance Leases

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 2. ACCOUNTING POLICIES (CONTINUED)

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

##### 2.25 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. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

##### **Revenue recognition**

Revenue on long term contracts for services is recognised according to the stage of completion reached on the contract by measuring a proportion of costs incurred for work performed to total estimated costs. Estimating the costs to completion and therefore the total contract costs is a key judgement in respect of revenue recognition on these contracts.

##### **Long-term contracts**

Judgement is also required in accounting for long-term contracts particularly as regards profit recognition and the assessment of future losses on contracts.

##### **Provisions**

Provisions are recognised where the Group has an obligation, as a result of a past event, that can be measured reliably. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes provisions for warranty and ongoing contract costs.

##### **Property, plant and equipment**

The estimates and assumptions made to determine asset lives require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the Group's fixed assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically changes in useful lives have not resulted in material changes to the Group's depreciation charge.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 4. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

Ongoing Group turnover is attributable to one continuing activity, the manufacture and commissioning of industrial refrigeration plant, and also to related service, maintenance, supply of spares and product licence fees. The business of Starfrost (UK) Limited in supplying industrial freezing equipment is considered by the directors to fall within the principal activity of the Group.

Turnover from Star M&E Solutions Limited is derived from their work as Mechanical and Electrical contractors and panel builders. A high proportion of this work is as a sub-contractor for the parent company and as such is part of the principal activity of the Group.

A wholly owned subsidiary, Azane Inc, has been incorporated in the State of California to promote Star-designed ammonia packaged systems in the North American market.

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Design, manufacture, installation, service and maintenance of industrial refrigeration plant and related systems	56,335	52,871
	<u>56,335</u>	<u>52,871</u>

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	52,041	50,430
Rest of Europe	1,351	157
Rest of the world	2,943	2,284
	<u>56,335</u>	<u>52,871</u>

#### 5. OTHER OPERATING INCOME

	2021 £000	2020 £000
Profit on disposal of tangible assets	-	(2)
Coronavirus Job Retention Scheme	15	168
	<u>15</u>	<u>166</u>

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2021 £000	2020 £000
Research & development charged as an expense	96	20
Depreciation of tangible fixed assets	380	400
Exchange differences	(32)	77
Auditor's remuneration	34	34
Land and buildings operating lease rental	289	355
Plant and machinery operating lease rental	596	482
	<u>596</u>	<u>482</u>

**7. AUDITOR'S REMUNERATION**

	2021 £000	2020 £000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	34	34
<b>FEEs PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:</b>		
Other services relating to taxation	9	14
	<u>43</u>	<u>48</u>

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**8. EMPLOYEES**

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

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>
Wages and salaries	<b>18,164</b>	<i>17,118</i>
Social security costs	<b>2,027</b>	<i>1,889</i>
Cost of defined contribution scheme	<b>1,773</b>	<i>1,590</i>
	<b>21,964</b>	<i>20,597</i>

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

	<b>2021 No.</b>	<i>2020 No.</i>
Management and sales	<b>158</b>	<i>151</i>
Technical and production	<b>239</b>	<i>225</i>
	<b>397</b>	<i>376</i>

**9. DIRECTORS' REMUNERATION**

	<b>2021 £000</b>	<i>2020 £000</i>
Directors' emoluments	<b>884</b>	<i>852</i>
Company contributions to defined contribution pension schemes	<b>127</b>	<i>98</i>
	<b>1,011</b>	<i>950</i>

During the year retirement benefits were accruing to 7 directors (2020 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £121 thousand (2020 - £123 thousand).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15 thousand (2020 - £14 thousand).

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**10. INTEREST RECEIVABLE**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Other interest receivable	25	47
	<u>25</u>	<u>47</u>

**11. TAXATION**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	121	263
Adjustments in respect of previous periods	(4)	(93)
	<u>117</u>	<u>170</u>
<b>TOTAL CURRENT TAX</b>	<u>117</u>	<u>170</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(15)	3
Changes to tax rates	30	-
Adjustment in respect of prior periods	17	-
	<u>32</u>	<u>3</u>
<b>TOTAL DEFERRED TAX</b>	<u>32</u>	<u>3</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>149</u>	<u>173</u>

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**11. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	377	1,042
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	72	198
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3	3
Fixed asset differences	(4)	1
Adjustments to tax charge in respect of prior periods	(4)	(93)
Adjustments to deferred tax in respect of prior periods	17	-
Unrelieved tax losses carried forward	23	53
Effect of change in deferred tax rates	26	11
Transfer pricing adjustments	16	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>149</b>	<b>173</b>

**12. DIVIDENDS**

	2021 £000	2020 £000
Ordinary shares	143	93
	<b>143</b>	<b>93</b>

The directors proposed a dividend of 15p per share in respect of the year ended 31 December 2020. The proposed dividend was approved by the shareholders at the Annual General Meeting and was paid in the current year.

The directors have proposed a dividend of 5p per share in respect of the year ended 31 December 2021. The proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**13. PARENT COMPANY RESULT FOR THE YEAR**

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 loss after tax of the parent Company for the year was £366 thousand (2020 - Profit £558 thousand). This loss is after making an impairment provision in respect of Azane Inc of £893 thousand (2020 - £218 thousand) and the reversal of a £400 thousand provision (2020 - £200 thousand reversal) in respect of Star Mechanical & Electrical Solutions. Further details are given in Note 15.

**14. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £000	Long-term leasehold property £000	Short-term leasehold property £000	Plant, machinery and equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2021	1,722	966	176	3,822	6,686
Additions	-	-	-	210	210
Disposals	-	-	-	(11)	(11)
At 31 December 2021	<u>1,722</u>	<u>966</u>	<u>176</u>	<u>4,021</u>	<u>6,885</u>
<b>Depreciation</b>					
At 1 January 2021	1,408	359	126	2,764	4,657
Charge for the year on owned assets	48	53	-	279	380
Disposals	-	-	-	(11)	(11)
At 31 December 2021	<u>1,456</u>	<u>412</u>	<u>126</u>	<u>3,032</u>	<u>5,026</u>
<b>Net book value</b>					
At 31 December 2021	<u>266</u>	<u>554</u>	<u>50</u>	<u>989</u>	<u>1,859</u>
At 31 December 2020	<u>314</u>	<u>607</u>	<u>50</u>	<u>1,058</u>	<u>2,029</u>

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**14. TANGIBLE FIXED ASSETS (CONTINUED)**

**Company**

	Freehold property £000	Long-term leasehold property £000	Short-term leasehold property £000	Plant and machinery £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2021	1,722	818	45	3,305	5,890
Additions	-	-	-	166	166
Disposals	-	-	-	(11)	(11)
At 31 December 2021	<u>1,722</u>	<u>818</u>	<u>45</u>	<u>3,460</u>	<u>6,045</u>
<b>Depreciation</b>					
At 1 January 2021	1,408	331	41	2,389	4,169
Charge for the year on owned assets	48	27	-	202	277
Disposals	-	-	-	(11)	(11)
At 31 December 2021	<u>1,456</u>	<u>358</u>	<u>41</u>	<u>2,580</u>	<u>4,435</u>
<b>Net book value</b>					
At 31 December 2021	<u><u>266</u></u>	<u><u>460</u></u>	<u><u>4</u></u>	<u><u>880</u></u>	<u><u>1,610</u></u>
At 31 December 2020	<u><u>314</u></u>	<u><u>487</u></u>	<u><u>4</u></u>	<u><u>916</u></u>	<u><u>1,721</u></u>

Long leasehold properties in the Group and Company were valued at open market value, on an existing use basis, at 31 December 1989. On the implementation of FRS15, the Company followed the transitional provisions to retain the book value of these revalued assets, but not to adopt a policy of revaluation in the future. The Group and Company have followed this treatment on transition to FRS 102. The original cost of long leasehold property was £142 thousand (2020 - £142 thousand). Accumulated depreciation on the historical cost basis amounted to £81 thousand (2020 - £78 thousand).

---

STAR REFRIGERATION LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

15. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2021	1,623
Impairment on subsidiary company loan	893
At 31 December 2021	<u>2,516</u>
<b>Impairment</b>	
At 1 January 2021	678
Charge for the period	893
At 31 December 2021	<u>1,571</u>
<b>Net book value</b>	
At 31 December 2021	<u>945</u>
<i>At 31 December 2020</i>	<u>945</u>

As a result of slower than expected growth in the North American market due to the Covid-19 pandemic, the directors have adopted a prudent approach and made a full provision against the loan from Star Refrigeration to Azane Inc. It is hoped that this provision can be reversed in the future, but it is recognised that this may take several years. Although the US subsidiary has not been profitable as quickly as planned, there are wider benefits to the Group attained through brand recognition which is generating commercial opportunities and associated sales for other group companies. The directors still believe that the US market will adopt Azane Inc technology in the longer term, providing the basis for achieving sustainable profits from the region.

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**15. FIXED ASSET INVESTMENTS (CONTINUED)**

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Starfrost (UK) Limited	Units 11 - 12, Craftman's Way, Lowestoft, Suffolk, NR32 3FB	Freezer manufacturer	Ordinary	100%
Star M&E Solutions Ltd	Unit 1, Wincanton Close, Ascot Drive, Derby, DE24 8NB	Panel builder and electrical contractor	Ordinary	100%
Azane Inc	913 SW Higgins Avenue, Missoula, MT59803, United States	Chiller manufacturer	Ordinary	100%
Star Renewable Energy Limited	Block 3 Units 1,2,3 &4, Thornliebank Industrial Estate, Glasgow, Lanarkshire, G46 8JW	Dormant	Ordinary	100%
MPR Controls Limited	Unit 1, Wincanton Close, Ascot Drive, Derby, DE24 8NB	Dormant	Ordinary	100%

**16. STOCKS**

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
Raw materials and consumables	<b>467</b>	<i>390</i>	<b>398</b>	<i>358</i>
Long term contract balances	<b>59</b>	<i>28</i>	<b>46</b>	<i>25</i>
	<b>526</b>	<i>418</i>	<b>444</b>	<i>383</i>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The carrying value of stocks are stated net of impairment losses totalling £141 thousand (2020 - £130 thousand). Impairment losses totalling £11 thousand (2020 - £Nil) were recognised in profit and loss.

**STAR REFRIGERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**17. DEBTORS**

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
<b>DUE AFTER MORE THAN ONE YEAR</b>				
Amounts owed by group undertakings	-	-	-	736
Other debtors	-	146	-	146
	<u>-</u>	<u>146</u>	<u>-</u>	<u>882</u>

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	11,038	8,341	7,681	7,165
Amounts owed by group undertakings	-	-	595	290
Other debtors	308	203	190	173
Prepayments and accrued income	872	276	836	246
Amounts recoverable on long term contracts	4,352	3,974	2,381	3,560
	<u>16,570</u>	<u>12,794</u>	<u>11,683</u>	<u>11,434</u>

**18. CASH AND CASH EQUIVALENTS**

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
Cash at bank and in hand	5,706	12,359	3,128	8,843
	<u>5,706</u>	<u>12,359</u>	<u>3,128</u>	<u>8,843</u>

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**19. CREDITORS: Amounts falling due within one year**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2021</b>	<i>2020</i>	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Bank loans	-	350	-	350
Payments received on account	<b>3,716</b>	6,490	<b>1,909</b>	5,333
Trade creditors	<b>6,306</b>	4,849	<b>3,859</b>	3,919
Amounts owed to group undertakings	-	-	<b>220</b>	627
Corporation tax	<b>72</b>	211	<b>15</b>	82
Other taxation and social security	<b>1,636</b>	3,703	<b>1,564</b>	3,182
Obligations under finance lease and hire purchase contracts	-	38	-	-
Other creditors	<b>1,001</b>	761	<b>765</b>	577
Accruals and deferred income	<b>2,124</b>	1,739	<b>1,407</b>	1,576
	<b>14,855</b>	<i>18,141</i>	<b>9,739</b>	<i>15,646</i>

Bank loans are secured by a bond and floating charge over the assets of the company.

**STAR REFRIGERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**20. DEFERRED TAXATION**

**Group**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	(76)	(72)
Charged to statement of comprehensive income	(31)	(4)
<b>At end of year</b>	<b>(107)</b>	<b>(76)</b>

**Company**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	(72)	(71)
Credited to statement of comprehensive income	(19)	(1)
	<b>(91)</b>	<b>(72)</b>

The provision for deferred taxation is made up as follows:

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2021</b>	<i>2020</i>	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Accelerated capital allowances	(139)	(114)	(117)	(100)
Short term timing differences	32	38	26	28
	<b>(107)</b>	<i>(76)</i>	<b>(91)</b>	<i>(72)</i>

**STAR REFRIGERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. PROVISIONS**

**Group**

	<b>Warranty provision £000</b>	<b>Total £000</b>
At 1 January 2021	776	776
Charged to profit or loss	734	734
Released to profit or loss	(206)	(206)
Utilised in year	(438)	(438)
<b>At 31 December 2021</b>	<b>866</b>	<b>866</b>

**Company**

	<b>Warranty provision £000</b>	<b>Total £000</b>
At 1 January 2021	607	607
Charged to profit or loss	508	508
Released to profit or loss	(150)	(150)
Utilised in year	(373)	(373)
<b>At 31 December 2021</b>	<b>592</b>	<b>592</b>

The warranty provisions cover expected warranty claims on contracts completed. It is expected that most of these costs will have been incurred within 18 months of the balance sheet date.

**22. SHARE CAPITAL**

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Allotted, called up and fully paid</b>		
967,555 (2020 - 954,368) Ordinary shares of £1.00 each	<b>968</b>	<b>954</b>

On 21 May 2021, the Company allotted 13,187 ordinary shares with a nominal value of £1.

---

## STAR REFRIGERATION LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 23. RESERVES

##### Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

##### Foreign exchange reserve

The foreign exchange reserve represents retranslation gains and losses arising on consolidation.

##### Other reserves

Star Refrigeration Limited Employee Share Trust holds 159,186 (2020 - 142,658) shares in Star Refrigeration Limited. The trust is funded by Star Refrigeration Limited to meet their obligations under the employee share purchase scheme. All expenses incurred by the trust are settled directly by Star Refrigeration Limited and charged in the financial statements as incurred. The reserves figure of £92k relates to money advanced to the trust by the company.

##### Profit and loss account

The profit and loss account represents the accumulated profits and losses of the Group and Company less distributions made to shareholders.

#### 24. CONTINGENT LIABILITIES

Bank overdraft facilities are secured by a bond and floating charges over all the assets of the Group. Cross guarantees exist between all group companies. At the year end, there were no outstanding bank borrowings by the Group.

#### 25. PENSION COMMITMENTS

The Group operates defined contribution pension schemes. These consist of a Group personal pension scheme that began in May 2006. The pension cost charge of £1,760 thousand (2020 - £1,590 thousand) represents contributions payable by the Company to individual employees' group personal pensions. There were £186 thousand (2020 - £157 thousand) in outstanding contributions payable to the schemes at the year end.

---

**STAR REFRIGERATION LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**26. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
<b>Land and buildings</b>				
Not later than 1 year	334	329	260	255
Later than 1 year and not later than 5 years	735	964	636	790
Later than 5 years	900	625	900	625
	<u>1,969</u>	<u>1,918</u>	<u>1,796</u>	<u>1,670</u>
	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
<b>Other operating leases</b>				
Not later than 1 year	536	441	472	414
Later than 1 year and not later than 5 years	836	723	718	691
	<u>1,372</u>	<u>1,164</u>	<u>1,190</u>	<u>1,105</u>

**27. RELATED PARTY TRANSACTIONS**

The Group has taken advantage of the exemption in section 33.1A of FRS102 not to disclose inter group transactions.

The directors are considered to be key management personnel of the company. No other employees are considered to have authority for planning, directing, and controlling the activities of the Group. Total remuneration in respect of the directors is £1,112 thousand (2020: £1,062 thousand).

During the year dividends of £42 thousand (2020 : £28 thousand) were paid to the directors and other related parties.

In the opinion of the directors the Group has no overall controlling party.