

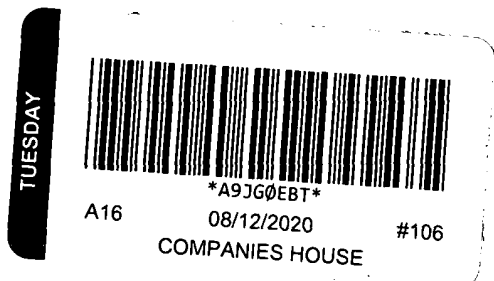
ICS Cool Energy Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 05509182



ICS Cool Energy Limited

Company Information

Directors	D Hampsey T E Kingston S West (resigned 3 September 2020)
Registered number	05509182
Registered office	ICS House Stephenson Road Calmore Industrial Estate Totton, Southampton Hampshire SO40 3SA
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
Bankers	Lloyds Bank 4 Castle Street Christchurch BH23 1DU2
Solicitors	Moore Blatch Gateway House Tollgate Chandler's Ford Southampton SO53 3TG

ICS Cool Energy Limited

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ICS Cool Energy Limited

Strategic Report For the Year Ended 31 December 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

Business review and future developments

2019 showed a slight fall in Turnover following the exceptional results of 2018. Turnover fell by 3.9% to £58.5m. The Sales and Services divisions showing a moderate growth and the Hire division showing a downturn on the unprecedented 2018 results, of which the extreme weather conditions of 2018 had a significant bearing.

The company sees the provision of specialist solutions in temperature control by selling, hiring, and servicing temperature control equipment for process and comfort applications as key to meeting future customer needs.

The board aims to grow the business via more sustainable repeatable revenues through the continued targeting of customers and more productive sales visits following the wider implementation of its CRM system and an increase in new customers acquired through the continued improvements to its groupwide website.

Principal risks and uncertainties

The company seeks to manage the associated turnover and profitability risks through the provision of a wide portfolio of temperature control products throughout the UK and mainland Europe to manage seasonal variations and provides the customer with both short term and long-term solutions through sale and hire alternatives.

The company is exposed to foreign exchange risk on the purchase of goods for resale. Following the acquisition by IR, the IR Treasury team based in Dublin now manages the risk.

The uncertainty around the UK leaving the EU remains, the company is still unclear what impact this will have on the European economy and our business. To date the only impact has been the movement in the sterling exchange rate against the Euro, which we have continued to pass on to the customer. Early 2019, the company purchased additional key inventory items sourced from Europe to mitigate potential customs delays due to Brexit which never materialised.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on customers and managing payment terms to mitigate any potential exposure. The business continues to insure most of its major customer debts through a group wide policy.

Liquidity risk arises from the Group's management of working capital; It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. Corporate Treasury receives a weekly rolling 10-week cash flow projection as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. We have additional mitigation in the form of Intercompany finance available from IR if that would be required.

The group's management have considered the implications of Brexit and Covid-19 and will continue to monitor and adapt policies to minimise risks or uncertainties in this respect.

ICS Cool Energy Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Financial key performance indicators

The Company monitors its Key Performance Indicators by the production of a standard scorecard across the group, key strategies are monitored, and any necessary corrective action employed to ensure that year end targets are achieved.

Underlying Operating Profit fell from £17.8m to £16.8m however still representing a healthy Return on Sales Turnover of 28.7%.

Gross Margin % was 46.5% a slight reduction of 0.7% in the year primarily as a result of the reduced Service Margin.

The Company's Overhead Cost ratio has remained constant at around 18.4%.

The company monitors cash flow carefully on a weekly basis together with future projections to ensure appropriate facilities are in place. Cash decreased by £0.5m in the year to £1.5m, this was due to the ongoing intercompany loan with IR to which any excess funds are paid..

The Company continues to invest heavily to sustain growth with purchases of new Hire equipment of £6.3m and investment in our workshop facility of £0.074m.

Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision-making. The Directors continue to have regard for the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

- The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act 2006. To ensure the company was operating in line with good corporate practice, all directors received training on the scope and application of section 172 in writing. This encouraged the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future and was considered at this year's board meeting. A section 172 notice will be included with the board papers. As required, the Senior Legal Counsel and Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f)
- The directors have considered and review the company's impact on the community and the environment – please refer to section c) legislative risks above for further details.
- The directors regularly review the company's principal stakeholders and how it engages with them. This is achieved through information provided by management and by direct engagement with stakeholders themselves.
- We aim to work responsibly with our stakeholders, including suppliers. During the year, the directors and employees completed training in which they reviewed the company's anti-harassment, anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.
- ICSC Ltd is a group company of Trane Technologies plc and as such the Trane Technologies Companies' policies in areas such as human resources, ethics, compliance and corporate responsibility are applicable to all companies and employees of the Group; the directors are fully aware of these policies, as employees and managers of the company; Some of these policies are publicly available on the companies' website at : <https://www.tranetechnologies.com/en/index/company/corporate-governance.html>

ICS Cool Energy Limited

Strategic Report (continued)
For the Year Ended 31 December 2019

- On 29 February 2020, Trane Technologies plc (formerly known as Ingersoll-Rand plc) completed its Reverse Morris Trust transaction with Gardner Denver Holdings Inc, whereby Ingersoll-Rand plc separated its former Industrial segment, merged into Gardner Holdings Inc and changed its name to Ingersoll-Rand Inc. The impact of the transaction for the Company and its stakeholders was considered and approved by the directors on 1 October 2019. At a group level this has been documented in the Trane Technologies plc 10-K under the Risk Related to the Transactions section, therefore in essence fulfilling the obligation of section 172.

This report was approved by the board on *24th SEPTEMBER 2020* and signed on its behalf.



D Hampsey
Director

ICS Cool Energy Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report together with the audited financial statement for the year ended 31 December 2019.

Principal activity

The company's principal activity continued to be the sale, rental and servicing of industrial process temperature control and heating equipment.

Results and dividends

The profit for the year, after taxation, amounted to £14,106k (2018 - £14,352k).

No dividends were paid during the year (2018 - £Nil).

Directors

The directors who served during the year were:

S West (resigned 3 September 2020)
T Kingston
D Hampsey

Branches outside the United Kingdom

The company has a branch in the Republic of Ireland.

Employee involvement

The Group aims to create an environment that enables our staff to excel in their jobs by developing skills to progress in the company. The company has a policy of staff training and development. The overall headcount of the Company has fallen in 2019 from 187 to 185 mainly due to a change in administration and support functions.

Disabled employees

The company is committed to a policy of recruitment and promotion based on aptitude and ability without discrimination of any kind. Where applicable, attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it. The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the group is offered where appropriate.

Qualifying third party indemnity provisions

IR has in place qualifying third party indemnity provisions for all of the directors of the company.

Matters covered in the strategic report

Information in respect of the following is set out in the strategic report:

- Fair review of the business
- A description of the principal risks and uncertainties facing the company and group
- Financial key performance indicators
- Future developments

ICS Cool Energy Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Post balance sheet events

On 29 February 2020, Ingersoll Rand plc completed its Reverse Morris Trust transaction with Gardner Denver Holdings Inc, whereby Ingersoll-Rand plc separated its former Industrial segment, merged into Gardner Denver and changed its name to Ingersoll-Rand Inc. The remaining HVAC and transport refrigeration business, reported under the climate segment, was subsequently renamed Trane Technologies plc, and will focus on climate control solutions for buildings, homes and transportation.

COVID-19

In March 2020, a global pandemic was declared by the World Health Organization ("WHO") related to the rapidly growing outbreak of the novel coronavirus ("COVID-19").

The impact of COVID-19 pandemic on the global economy and the operating activities of the business has resulted in a climate of considerable uncertainty. The Company has assessed the impact on its Principal Risks and Going Concern in light of the COVID-19 pandemic and its potential impact. The Directors have assessed the liquidity of the Company, existing funding available to the Company and support available from fellow group companies. The Company has a letter of support from its Parent Company (Trane UK Ltd) that is valid for at least 12 months from the signing of these financial statements should any be required, however the directors feel given the current liquidity situation at the time of writing this report that this will not be called upon. The Company is still able to contribute its excess cash on a monthly basis to the cash pool arrangement.

The company has not taken advantage of the Governments Furlough scheme and has managed to keep its employees working throughout the pandemic. Although we have seen some downturn in some revenue streams, our margins remain strong and we have taken actions to reduce our overheads to maintain profitability

On the basis of these assessments the Director considers it appropriate to continue to adopt the going concern basis in preparing the financial statements, that the Company would not be impacted adversely by COVID-19 and there is no significant risk to the balance sheet as of 31 December 2019.

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'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's auditor is aware of that information.

Auditor

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

This report was approved by the board on *24th SEPTEMBER 2020* and signed on its behalf.



D Hampsey
Director

ICS Cool Energy Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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'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's auditor is aware of that information.

Auditor

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

This report was approved by the board on xx September 2020 and signed on its behalf.

D Hampsey
Director

ICS Cool Energy Limited

Independent Auditor's Report to the Members of ICS Cool Energy Limited

Opinion

We have audited the financial statements of ICS Cool Energy Limited ("the company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

ICS Cool Energy Limited

Independent Auditor's Report to the Members of ICS Cool Energy Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

ICS Cool Energy Limited

Independent Auditor's Report to the Members of ICS Cool Energy Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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.



Arbindar Chatwal (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

28 September 2020

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

ICS Cool Energy Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £000
Turnover	4	58,473	60,872
Cost of sales		(31,302)	(32,122)
Gross profit		27,171	28,750
Administrative expenses		(10,740)	(11,157)
Other operating income	5	191	191
Operating profit	6	16,622	17,784
Foreign exchange movement on non-operating items		-	(36)
Interest receivable and similar income		155	22
Interest payable and similar charges		(1)	(11)
Profit before tax		16,776	17,759
Tax on profit	9	(2,670)	(3,407)
Profit for the financial year		14,106	14,352

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 13 to 29 form part of these financial statements.

ICS Cool Energy Limited

Registered number: 05509182

Statement of Financial Position As at 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible assets	10		-		4
Tangible assets	11		25,976		24,459
Investments	12		1,468		1,468
			<u>27,444</u>		<u>25,931</u>
Current assets					
Stocks	13	2,037		1,567	
Debtors: amounts falling due within one year	14	38,326		25,531	
Cash at bank and in hand		1,527		1,974	
		<u>41,890</u>		<u>29,072</u>	
Creditors: amounts falling due within one year	15	(15,944)		(15,793)	
Net current assets			<u>25,946</u>		<u>13,279</u>
Total assets less current liabilities			<u>53,390</u>		<u>39,210</u>
Provisions for liabilities					
Deferred tax	16		(630)		(556)
Net assets			<u>52,760</u>		<u>38,654</u>
Capital and reserves					
Called up share capital	17		-		-
Capital contribution	18		5,596		5,596
Profit and loss account	18		47,164		33,058
Total equity			<u>52,760</u>		<u>38,654</u>

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

24th September 2020


D Hampsey
Director

The notes on pages 13 to 29 form part of these financial statements.

ICS Cool Energy Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	5,596	33,058	38,654
Comprehensive income for the year				
Profit for the year	-	-	14,106	14,106
Total comprehensive income for the year	-	-	14,106	14,106
At 31 December 2019	-	5,596	47,164	52,760

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 January 2018	-	-	18,706	18,706
Comprehensive income for the year				
Profit for the year	-	-	14,352	14,352
Total comprehensive income for the year	-	-	14,352	14,352
Contributions by and distributions to owners				
Capital contribution	-	7,484	-	7,484
Transactions with members	-	(1,888)	-	(1,888)
Total transactions with owners	-	5,596	-	5,596
At 31 December 2018	-	5,596	33,058	38,654

The notes on pages 13 to 29 form part of these financial statements.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

ICS Cool Energy Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is set out in the strategic report.

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

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest thousand.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ingersoll-Rand plc. as at 31 December 2019 and these financial statements may be obtained from TBC.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Going concern

The company meets its day-to-day working capital requirements through its existing equity and loans from fellow group companies. The current economic conditions continue to create uncertainty over (a) the level of demand for the Company's products; and (b) the availability of funding for the foreseeable future. The company's forecasts and projections, taking account of potential changes in trading performance, show that the company should be able to operate within its existing financing structure.

The company has also been provided with a support letter from its parent company, Trane UK, which confirms financial support will be provided, should it be required, for at least 12 months from the date of approval of the company's financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.5 Revenue

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

Sale of goods

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

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

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.6 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 company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Freehold property	- 50 years
Short-term leasehold property	- 4 years
Plant and machinery	- 4 years
Motor vehicles	- 4 years
Fixtures and fittings	- 4 years
Hire fleet	- 3 - 12 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 statement of comprehensive income.

2.7 Operating leases: the company as lessee

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

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 average cost price of purchase.

At each reporting 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.

2.10 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.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.11 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.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Financial instruments

The company 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.

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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows 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 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 of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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

2.13 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.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.14 Foreign currency translation

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 statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'cost of sales'.

2.15 Leased assets: the company as lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.16 Pensions

Defined contribution pension plan

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

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

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company, either as a lessor or a lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

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

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Turnover

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

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	48,889	52,508
Rest of Europe	8,596	7,376
Rest of the world	988	988
	<u>58,473</u>	<u>60,872</u>

5. Other operating income

	2019 £000	2018 £000
Property rental income	<u>191</u>	<u>191</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	4,212	3,729
Amortisation of intangible assets, including goodwill	4	17
Audit fees payable to the company's auditors	-	23
Exchange differences	231	26
Other operating lease rentals	1,419	1,297
Defined contribution pension costs	<u>485</u>	<u>154</u>

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Employees

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

	2019 £000	2018 £000
Wages and salaries	8,934	9,269
Social security costs	1,011	1,087
Cost of defined contribution scheme	485	154
	<u>10,430</u>	<u>10,510</u>

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

	2019 No.	2018 No.
Administration and support	36	42
Production and service	85	77
Research and development	5	5
Sales	54	58
Marketing	5	5
	<u>185</u>	<u>187</u>

8. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	667	614
Directors pension costs	17	6
	<u>684</u>	<u>620</u>

During the year retirement benefits were accruing to 1 directors (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £667k (2018 - £593k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17k (2018 - £6k).

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	3,164	3,306
Adjustments in respect of previous periods	(568)	31
Total current tax	<u>2,596</u>	<u>3,337</u>
Deferred tax		
Origination and reversal of timing differences	85	82
Impact of change in tax rate	(9)	(9)
Adjustment in respect of prior years	(2)	(3)
Total deferred tax	<u>74</u>	<u>70</u>
Taxation on profit on ordinary activities	<u><u>2,670</u></u>	<u><u>3,407</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 -higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>16,776</u>	<u>17,759</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	3,187	3,374
Effects of:		
Expenses not deductible for tax purposes	62	43
Accelerated capital allowances and timing differences	9	(13)
Other adjustments	(18)	5
Adjustments to tax charge in respect of prior periods	(570)	28
Group relief not paid for	-	(30)
Total tax charge for the year	<u><u>2,670</u></u>	<u><u>3,407</u></u>

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation (continued)

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent.

10. Intangible assets

	Goodwill £000
Cost	
At 1 January 2019	505
At 31 December 2019	<u>505</u>
Amortisation	
At 1 January 2019	501
Charge for the year	4
At 31 December 2019	<u>505</u>
Net book value	
At 31 December 2019	-
At 31 December 2018	<u><u>4</u></u>

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Tangible fixed assets

	Land and Buildings £000	Plant and machinery £000	Motor vehicles £000	Computer and office equipment £000	Hire fleet £000	Total £000
Cost or valuation						
At 1 January 2019	1,381	265	6	893	38,949	41,494
Additions	33	70	-	134	6,320	6,557
Disposals	-	(7)	(6)	(207)	(1,577)	(1,797)
At 31 December 2019	1,414	328	-	820	43,692	46,254
Depreciation						
At 1 January 2019	306	101	6	550	16,072	17,035
Charge for the year	163	67	-	203	3,783	4,216
Disposals	-	(7)	(6)	(169)	(791)	(973)
At 31 December 2019	469	161	-	584	19,064	20,278
Net book value						
At 31 December 2019	945	167	-	236	24,628	25,976
At 31 December 2018	1,075	164	-	343	22,877	24,459

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2019	1,468
At 31 December 2019	<u>1,468</u>

Direct subsidiary undertaking

Company name	Class of shares	Principal activity	Holding
ICS Renewable Energy Limited	Ordinary	Dormant	100%
ICS Heat Pumps Limited	Ordinary	Dormant	100%
Tricool Thermal Limited	Ordinary	Dormant	100%
Cool Energy Limited	Ordinary	Dormant	100%
Cool Energy AG	Ordinary	Rental, supply and servicing of industrial process temperature control equipment	100%

Indirect subsidiary undertaking

Company name	Class of shares	Principal activity	Holding
Cool Energy BV	Ordinary	Rental, supply and servicing of industrial process temperature control equipment	100%

The registered office of ICS Renewable Energy Limited, ICS Heat Pumps Limited and Tricool Thermal Limited is ICS House, Stephenson Road, Calmore Industrial Estate, Totton, Southampton, Hampshire, England, SO40 3SA.

The registered office of Cool Energy AG is Schindellegistrasse 75, 8808 Freienbach, Switzerland.

The registered office of Cool Energy BV is Rotschotseweg 2, 5271 WX Sint-Michielsgestel, Netherlands.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Stocks

	2019 £000	2018 £000
Raw materials and consumables	-	14
Finished goods and goods for resale	2,037	1,553
	2,037	1,567

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

14. Debtors: amounts falling due within one year

	2019 £000	2018 £000
Trade debtors	12,225	11,890
Amounts owed by group undertakings	25,549	13,022
Other debtors	94	17
Prepayments and accrued income	458	602
	38,326	25,531

15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	5,704	6,341
Amounts owed to group undertakings	2,147	558
Corporation tax	1,210	1,906
Other taxation and social security	1,315	1,394
Other creditors	929	932
Accruals and deferred income	4,639	4,662
	15,944	15,793

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Deferred taxation

	2019 £000
At beginning of year	556
Charged to profit or loss	74
At end of year	630

The provision for deferred taxation is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	631	571
Sundry timing differences	(1)	(15)
	<u>630</u>	<u>556</u>

17. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

18. Reserves

The company's capital and reserves are as follows:

Called up share capital

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

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Capital contribution reserve

The company received the capital contribution from its parent company, ICS Group Holdings Limited. This is a non-refundable and distributable capital contribution. It is to be used at the discretion of the directors and does not bestow any additional rights in the share capital of the company to ICS Group Holdings Limited.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

19. Capital commitments

At 31 December 2019 the company had capital commitments as follows:

	2019 £000	2018 £000
Contracted for but not provided in these financial statements	454	710

20. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £485k (2018 - £154k). Contributions totalling £3k (2018 - £32k) were payable to the fund at the reporting date and are included in creditors.

21. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	861	971
Later than 1 year and not later than 5 years	2,561	2,760
Later than 5 years	4,047	4,635
	<u>7,469</u>	<u>8,366</u>

In 2017, the company disposed of its freehold property to a fellow subsidiary, and leased it back under an operating lease arrangement. The non-cancellable lease has a remaining term of 13 years.

All leases include a provision for an annual upward rent reviews according to prevailing market conditions.

22. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Other related party transactions

The company paid rent of £97k (2018 - £97k) to a company with common key management personnel.

ICS Cool Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

23. Post balance sheet events

COVID19

In March 2020, a global pandemic was declared by the World Health Organization ("WHO") related to the rapidly growing outbreak of the novel coronavirus ("COVID-19").

The impact of COVID-19 pandemic on the global economy and the operating activities of the business has resulted in a climate of considerable uncertainty. The Company has assessed the impact on its Principal Risks and Going Concern in light of the COVID-19 pandemic and its potential impact. The Directors have assessed the liquidity of the Company, existing funding available to the Company and support available from fellow group companies.

On the basis of these assessments the Director considers it appropriate to continue to adopt the going concern basis in preparing the financial statements, that the Company would not be impacted adversely by COVID-19 and there is no significant risk to the balance sheet as of 31 December 2019.

24. Ultimate parent and controlling party

The immediate parent is ICS Group Holdings Ltd., a company incorporated in the United Kingdom. The registered office is ICS House, Stephenson Road, Calmore Industrial Estate, Totton, Southampton, Hampshire, England, SO40 3SA.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Trane Technologies plc. Copies of Trane Technologies plc consolidated financial statements can be obtained from its registered office at 170/175 Lakeview Drive, Airside Business Park, Swords, Co, Dublin, Ireland.