

Megaflo Limited

Annual report and financial statements
for the year ended 31 December 2011

Registered number 867300

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Megaflo Limited

Annual report and financial statements for the year ended 31 December 2011

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Megaflo Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2011

Company registered number

The company registered number is 867300

Principal activity and review of business

The company acts as an intermediate holding company. The company's profit after tax for the year is £ 9,971,000 (2010: £6,830,000) as set out in the profit and loss account on page 5.

On 31 October 2011, BDR Thermea Group BV ("BDR") acquired its convertible loan notes from Brave B Lux S A, which had previously given Brave B Lux S A approximately 40.01% of the economic rights in the group. Stichting Aandelen Remeha Foundation, a Dutch foundation now controls 100% of the combined group. The Dutch foundation holds its interest in BDR through a holding company called Remeha Group BV.

Future developments

The company will continue to act as an intermediate holding company.

Principal risks and uncertainties

The directors of Remeha Group BV, the company's ultimate parent company, manage the Group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Megaflo Limited. The principal risks and uncertainties of Remeha Group BV, which include those of the company, are discussed in the Group's annual report, which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Remeha Group BV manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Megaflo Limited. The development, performance and position of Remeha Group BV, which includes the company, is discussed in the Group's annual report, which does not form part of this report.

Dividends

During the year, the company declared dividends of nil p (2010: nil) per ordinary share amounting to £nil (2010: £nil).

Megaflo Limited

Directors' report for the year ended 31 December 2011 (continued)

Directors

The directors who held office during the year and up to the date of this report were as follows

A E Darling	resigned 31 May 2012
J McFaul	resigned 26 March 2012
P T Moss	appointed 26 March 2012
J F Zweirs	appointed 31 May 2012

Directors' responsibilities statement

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditor

In the case of each director in office at the date the directors' report is approved, the following applies

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

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

Megaflo Limited

Directors' report for the year ended 31 December 2011 (continued)

Independent auditor

Deloitte LLP have expressed their willingness to be reappointed for another term. Appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to read 'P T Moss', with a stylized flourish at the end.

P T Moss
Director
24 July 2012

Megaflo Limited

Independent auditor's report to the members of Megaflo Limited

We have audited the financial statements of Megaflo Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Megaflo Limited

Independent auditor's report to the members of Megaflo Limited (continued)

Matters on which we are required to report by exception

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

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

David Hall, FCA

David Hall FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

Date 27 July 2012

Megaflo Limited

Profit and loss account for the year ended 31 December 2011

		2011	2010
	Note	£'000	£'000
Income from shares in group undertakings		79	-
Impairment in investment		(22)	-
Interest receivable and similar income	3	13,488	12,359
Interest payable and similar charges	4	-	(2,873)
Profit on ordinary activities before tax		13,545	9,486
Tax on profit on ordinary activities	5	(3,574)	(2,656)
Profit for the financial year	10	9,971	6,830

All amounts relate to continuing operations

The company has no recognised gains or losses, other than the profit for the financial years, and therefore no separate statement of total recognised gains and losses has been presented

Megaflo Limited

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	6	901	923
Current assets			
Debtors	7	410,413	396,919
Creditors amounts falling due within one year	8	(99,025)	(95,524)
Net current assets		311,388	301,395
Net assets		312,289	302,318
Capital and reserves			
Called up share capital	9	76,463	76,463
Share premium account	10	211,132	211,132
Other capital reserves	10	80	80
Profit and loss account	10	24,614	14,643
Total shareholders' funds	11	312,289	302,318

The financial statements of Megaflo Limited, registered number 867300, were approved by the Board of Directors and authorised for issue on 24 July 2012. They were signed on its behalf by



P T Moss
Director

Megaflo Limited

Notes to the financial statements for the year ended 31 December 2011

1 Principal accounting policies

The financial statements have been prepared on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year and preceding year.

Going concern

After making enquiries, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Transactions with other group companies have not been disclosed as permitted by FRS 8, 'Related Party Disclosures'.

The company is itself a subsidiary company, and as such is exempt from the requirement to prepare group accounts by virtue of s400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about the group.

Cash flow statement

The company is a wholly owned subsidiary of Remeha Group BV as at 31 December 2011 which publishes a consolidated cash flow statement. Consequently the company is exempt under the terms of FRS 1 (revised 1996), 'Cash Flow Statements' from publishing a cash flow statement.

Investments

Investments are held at cost less any provision for permanent diminution in value.

Tax

Corporation tax payable is provided on taxable profits at the current rate.

2 Supplementary profit and loss information

None of the directors received any emoluments for their services to the company during the year (2010: £nil).

There were no employees during the year (2010: none).

Audit fees are borne by a fellow group company in both the current and prior year.

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Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Interest receivable and similar income

	2011	2010
	£'000	£'000
Group interest receivable	13,488	12,359

4 Interest payable and similar charges

	2011	2010
	£'000	£'000
Group interest payable	-	2,873

5 Tax on profit on ordinary activities

	2011	2010
	£'000	£'000
Current tax		
UK corporation tax at 26.5% (2010: 28%)	3,574	2,656
Tax on profit on ordinary activities	3,574	2,656

The tax charge for the year consists solely of a payment for group relief and is lower than (2010 equal to) the standard rate of corporation tax in the UK of 26.5% (2010: 28%) as stated below

	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	13,545	9,486
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	3,589	2,656
Dividend income not taxable	(21)	-
Impairment of investment not allowable	6	-
Current tax charge for the year	3,574	2,656

The future expected rate of tax is expected to be in line with the standard rate of corporation tax in the UK

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Notes to the financial statements for the year ended 31 December 2011 (continued)

6 Investments

	Shares in group undertakings
	£'000
Net book value at 1 January 2011	923
Impairment of investment	(22)
Net book value at 31 December 2011	901

The company has investments in wholly owned subsidiaries, which in the opinion of the directors, do not require disclosure as permitted by s410(1) and (2) of the Companies Act 2006. A full list of subsidiaries will be annexed to the next annual return.

7 Debtors

	2011	2010
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	410,413	396,919

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is receivable on active group loans at a rate of 2.5% above LIBOR.

8 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Amounts owed by group undertakings	92,795	92,868
Group relief payable	6,230	2,656
	99,025	95,524

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. During 2011 interest is not payable on group loans. During 2010, interest was payable on group loans at a rate of 2.5% above LIBOR.

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Notes to the financial statements for the year ended 31 December 2011 (continued)

9 Called up share capital

	2011	2010
	£'000	£'000
Authorised		
400,000,000 ordinary shares of 20p each	80,000	80,000
Allotted and fully paid		
382,312,762 ordinary shares of 20p each	76,463	76,463

10 Reserves

	Share premium account	Other capital reserves	Profit and loss account
	£'000	£'000	£'000
At 1 January 2011	211,132	80	14,643
Profit for the financial year	-	-	9,971
At 31 December 2011	211,132	80	24,614

11 Reconciliation of movements in shareholders' funds

	2011	2010
	£'000	£'000
Profit for the financial year	9,971	6,830
Net movement in shareholders' funds	9,971	6,830
Opening shareholders' funds	302,318	295,488
Closing shareholders' funds	312,289	302,318

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Notes to the financial statements for the year ended 31 December 2011 (continued)

12 Contingent liabilities

The company is a guarantor of loans provided by various bankers to Heating Finance Limited and BDR Thermea Group BV, both of which are group companies. At 31 December 2011, the contingent liability was £476.5 million (2010: £391.2 million), being the net amount drawn down under the facility.

The company is a guarantor of the Newmond Pension Plan. The company's liability under the Guarantee would be limited to the lowest non-negative amount which, when added to the assets of the Scheme, would result in the Scheme being at least 105% funded on the date on which any liability under the deed arises, calculated on the basis set out in section 179 of the Pensions Act 2004.

13 Ultimate parent company and controlling party

At 31 December 2011, the company is a wholly owned subsidiary of Baxi Holdings Limited, a company incorporated in Great Britain.

The company's ultimate parent company is Remeha Group BV, a company incorporated in the Netherlands, which is the largest and smallest group to consolidate these financial statements. The ultimate controlling party is Stichting Aandelen Remeha Foundation, a Dutch Foundation.

Copies of the Remeha Group BV consolidated accounts are available from Chamber of Commerce, Apeldoorn, Stationsstraat 80, The Netherlands.