

**Company Registration No. 00882439 (England and Wales)**

**ALPHA THERM LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**



# ALPHA THERM LIMITED

## COMPANY INFORMATION

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### Directors

A Amadei  
M Maini  
P Alberici  
J Studden

### Company number

00882439

### Registered office

Nepicar House  
London Road  
Wrotham Heath  
Sevenoaks  
Kent  
TN15 7RS

### Independent Auditors

Saffery Champness  
Lion House  
Red Lion Street  
London  
WC1R 4GB

### Bankers

HSBC Bank plc  
184 High Street  
Bromley  
Kent  
BR1 1HE

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# **ALPHA THERM LIMITED**

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## **ALPHA THERM LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The directors present their strategic report for the year ended 31 December 2013

#### **Review of the business**

Alpha has had a strong trading year in 2013, with growth in core product sectors which strengthened as the year went on. Our profitability exceeded expectations and we believe this is due to our business strategy in the domestic boiler market. We are also working to expand our customers on a selective basis. The market in general is very strong, but can be affected by government funded schemes which add an element of uncertainty and are subject to very low market pricing. We continue to see the plumbing and heating merchant sector dominated by one or two major players who are continually changing. This will require flexibility and a pro-active approach by manufacturers.

As a quality manufacturer, an excellent after sales service is imperative and we continue to provide a first class after sales service, with an extended warranty package, giving our customers peace of mind. This is a key support function of our business which also generates a good income.

With regards to the economy, we have seen confidence returning to consumers during the year. The company recognises that it needs to maintain strong customer loyalty and relationships and we continually analyse our performance. The sales trend in our core market is monitored on a monthly basis to ensure that our market share is maintained. This will enable us to react as necessary should sales start to decline. We have a solid, experienced sales team which gives us excellent brand loyalty from our customers.

The directors note the following as being the key risks which the company is susceptible to:

**Loss of key personnel** this would bring significant operational difficulties for the company. Management seek to ensure that key members of staff are remunerated appropriately to ensure that good performance is recognised.

**Reliance on key suppliers** the company's purchasing activities could expose it to over reliance on certain suppliers potentially putting pressure on margins. The company manages this risk by constantly seeking out new suppliers that could be used if required.

**Competition** our core market is very mature and pricing from our main competitors is very aggressive. This combined with longer warranty offerings, could quickly result in a loss of sales. We monitor both of these key areas constantly. We manage this risk by having products in different pricing/warranty market segments and ensuring that we produce high quality and reliable products.

The Directors have reviewed the going concern status of the company and are satisfied that the company will continue in operation for at least 12 months from the date of approval of these financial statements and for the foreseeable future.

## ALPHA THERM LIMITED

### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

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The company will continue to develop new innovative products for our market to enhance our core business of gas boilers. An example of this is the launch of our next generation boilers in 2014. The launch of our Eco boiler in 2012 had considerable success and this product is now well established in the market place. We expect that our new boiler will achieve the same results.

We are a flexible company and we believe we are able to react quickly to changes in demand from customers or government legislation. The company will continue to diversify and introduce new ground breaking technologies to meet the demands of both legislation and the consumer.

The directors believe that this continued innovation of a total heating solution will give us a clear advantage moving forward.

The directors consider the following key performance indicators when assessing the performance of the company.

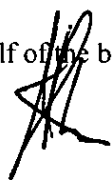
Turnover turnover has remained consistent during the year totalling £25,380k (2012 £25,500k)

Operating profit the operating profit for 2013 has increased by £815k in the year to £1,248k (2012 £433k)

Profit after tax profits after tax have increased in the year to £918k (2012 £302k)

We monitor on a monthly basis every profit centre across the business in terms of sales volume and associated margins ensuring that we maximise efficiencies in our operations, examples include staffing, accessory products, spare parts, returns etc. We will not give any further detail as it is commercially sensitive.

On behalf of the board

  
J Studden  
Director

26-03-14.

## **ALPHA THERM LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The directors present their report and financial statements for the year ended 31 December 2013

#### **Principal activities**

The principal activity of the company continued to be that of a supplier and service provider of domestic and light commercial central heating & hot water systems

#### **Results and dividends**

The results for the year are set out on page 7

#### **Directors**

The following directors have held office since 1 January 2013

A Amadei  
M Maini  
P Alberici  
J Studden

#### **Auditors**

Saffery Champness have expressed their willingness to remain in office as auditors of the company

#### **Statement of directors' responsibilities**

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

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

**ALPHA THERM LIMITED**

**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

  
J Studden  
Director

26-03-14

## **ALPHA THERM LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA THERM LIMITED**

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We have audited the financial statements of Alpha Therm Limited for the year ended 31 December 2013 set out on pages 7 to 17. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**ALPHA THERM LIMITED**

**INDEPENDENT AUDITORS' REPORT (continued)  
TO THE MEMBERS OF ALPHA THERM LIMITED**

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**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



**Richard Collis (Senior Statutory Auditor)  
for and on behalf of Saffery Champness**

27/03/2014

**Chartered Accountants  
Statutory Auditors**

Lion House  
Red Lion Street  
London  
WC1R 4GB

**ALPHA THERM LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £ '000	2012 £ '000
<b>Turnover</b>	<b>2</b>	25,380	25,500
Cost of sales		<u>(19,657)</u>	<u>(20,589)</u>
<b>Gross profit</b>		5,723	4,911
Distribution costs		(447)	(412)
Administrative expenses		(4,248)	(4,287)
Other operating income		<u>220</u>	<u>221</u>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	1,248	433
Tax on profit on ordinary activities	<b>4</b>	<u>(330)</u>	<u>(131)</u>
<b>Profit for the year</b>	<b>13</b>	<u>918</u>	<u>302</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 9 to 17 form part of these financial statements

**ALPHA THERM LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Notes	£ '000	2013 £ '000	2012 £ '000
<b>Fixed assets</b>				
Tangible assets	6		59	50
<b>Current assets</b>				
Stocks	7	1,917		1,734
Debtors	8	6,230		5,631
Cash at bank and in hand		3,196		3,017
		<u>11,343</u>		<u>10,382</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(8,503)</u>		<u>(7,379)</u>
<b>Net current assets</b>			<u>2,840</u>	<u>3,003</u>
<b>Total assets less current liabilities</b>			<u>2,899</u>	<u>3,053</u>
<b>Provisions for liabilities</b>	10		<u>(2,716)</u>	<u>(2,788)</u>
			<u>183</u>	<u>265</u>
<b>Capital and reserves</b>				
Profit and loss account	13		<u>183</u>	<u>265</u>
<b>Shareholders' funds</b>	14		<u>183</u>	<u>265</u>

The notes on pages 9 to 17 form part of these financial statements

Approved by the Board and authorised for issue on 26-03-14

J Studden  
Director

Company Registration No. 00882439

## ALPHA THERM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

##### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

##### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Rental income is recognised on a straight line basis over the life of the lease

##### **1.4 Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Software	10%-25% per annum
Office equipment	10%-33% per annum

##### **1.6 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

##### **1.7 Stock**

Stock is valued at the lower of cost and net realisable value

##### **1.8 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

##### **1.9 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

## ALPHA THERM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

#### 1 Accounting policies

(continued)

##### 1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

##### 1.11 Statement of cash flows

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

##### 1.12 Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and if it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for expected warranty claims are charged against profits when products have been invoiced. Warranty periods vary according to the product but for the majority are no longer than 5 years.

#### 2 Turnover

The directors are of the opinion that the company's activities, which are all continuing, fall within one business segment, being the supply of central heating boilers and associated products.

An analysis of turnover by geographical market is given below.

##### Geographical market

	Turnover	
	2013 £ '000	2012 £ '000
United Kingdom	25,233	25,384
Europe (other than The United Kingdom)	147	116
	<u>25,380</u>	<u>25,500</u>

**ALPHA THERM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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<b>3    Operating profit</b>	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Operating profit is stated after charging		
Depreciation of tangible assets	36	99
Loss on foreign exchange transactions	63	-
Research and development	19	34
Operating lease rentals		
- Plant and machinery	176	151
- Other assets	404	389
Auditors' remuneration	25	25
Auditors' remuneration for tax and other services	7	7
Directors' emoluments	171	125

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**ALPHA THERM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>4 Taxation</b>	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Domestic current year tax</b>		
U K corporation tax	317	140
Adjustment for prior years	1	(15)
<b>Total current tax</b>	<b>318</b>	<b>125</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	12	6
	<b>330</b>	<b>131</b>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	1,248	433
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.25% (2012 - 24.50%)	290	106
Effects of		
Non deductible expenses	35	36
Capital allowances in arrears of depreciation	(8)	8
Adjustments to previous periods	1	(15)
Other tax adjustments	-	(10)
	<b>28</b>	<b>19</b>
<b>Current tax charge for the year</b>	<b>318</b>	<b>125</b>
<b>5 Dividends</b>	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Ordinary final £10,000 per share (2012 £5,000 per share)	1,000	500

A final dividend was declared on 18 December 2013 totalling £1,000,000

**ALPHA THERM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**6 Tangible fixed assets**

	<b>Office equipment £ '000</b>	<b>Software £ '000</b>	<b>Total £ '000</b>
<b>Cost</b>			
At 1 January 2013	377	175	552
Additions	30	15	45
Disposals	(182)	(138)	(320)
At 31 December 2013	225	52	277
<b>Depreciation</b>			
At 1 January 2013	341	161	502
On disposals	(182)	(138)	(320)
Charge for the year	28	8	36
At 31 December 2013	187	31	218
<b>Net book value</b>			
At 31 December 2013	38	21	59
At 31 December 2012	36	14	50

**7 Stocks**

	<b>2013 £ '000</b>	<b>2012 £ '000</b>
Finished goods and goods for resale	1,917	1,734

**8 Debtors**

	<b>2013 £ '000</b>	<b>2012 £ '000</b>
Trade debtors	6,095	5,464
Corporation tax	-	9
Other debtors	10	2
Prepayments and accrued income	99	118
Deferred tax asset (see note 10)	26	38
	6,230	5,631



**ALPHA THERM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>9 Creditors' amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Trade creditors	586	245
Amounts owed to parent and fellow subsidiary undertakings	4,714	4,743
Corporation tax	242	140
Other taxes and social security costs	811	856
Other creditors	1,018	509
Accruals and deferred income	1,132	886
	<u>8,503</u>	<u>7,379</u>

Amounts in relation to an invoice discounting facility are secured by way of fixed and floating charges over the assets of the company, at the year end this balance totalled £nil

<b>10 Provisions for liabilities</b>	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Warranty provision		
Balance at 1 January	2,788	2,781
Addition during the year	1,006	1,032
Released in the year	(1,078)	(1,025)
	<u>2,716</u>	<u>2,788</u>
Balance at 31 December		

**The deferred tax asset (included in debtors, note 8) is made up as follows:**

	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Balance at 1 January 2013	(38)	
Profit and loss account	12	
	<u>(26)</u>	
Balance at 31 December 2013		
	<u>(26)</u>	
	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Decelerated capital allowances	(26)	(38)

**ALPHA THERM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**11 Pension and other post-retirement benefit commitments**  
**Defined contribution**

	2013 £ '000	2012 £ '000
Contributions payable by the company for the year	<u>61</u>	<u>65</u>

**12 Share capital**

	2013 £	2012 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**13 Statement of movements on profit and loss account**

	<b>Profit and loss account £ '000</b>
Balance at 1 January 2013	265
Profit for the year	918
Dividends paid	<u>(1,000)</u>
Balance at 31 December 2013	<u>183</u>

**14 Reconciliation of movements in shareholders' funds**

	2013 £ '000	2012 £ '000
Profit for the financial year	918	302
Dividends	<u>(1,000)</u>	<u>(500)</u>
Net depletion in shareholders' funds	(82)	(198)
Opening shareholders' funds	<u>265</u>	<u>463</u>
Closing shareholders' funds	<u>183</u>	<u>265</u>

**ALPHA THERM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013****15 Financial commitments**

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
Operating leases which expire				
Within one year	216	144	35	35
Within two to five years	236	245	119	118
	<u>452</u>	<u>389</u>	<u>154</u>	<u>153</u>

**16 Directors' emoluments**

	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Emoluments for qualifying services	152	107
Amounts receivable under long term incentive schemes	12	12
Company pension contributions to money purchase schemes	7	6
	<u>171</u>	<u>125</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2012 - 1).

Emoluments disclosed above include the following amounts paid to the highest paid director

	<b>2013</b>	<b>2012</b>
	<b>£ '000</b>	<b>£ '000</b>
Emoluments for qualifying services	152	107
Long term incentive schemes	12	12
Company pension contributions to money purchase schemes	7	6

## ALPHA THERM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 17 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was

	2013 Number	2012 Number
Administrative staff	44	47
Sales staff	15	15
	<u>59</u>	<u>62</u>

##### Employment costs

	2013 £ '000	2012 £ '000
Wages and salaries	2,117	2,105
Social security costs	254	242
Other pension costs	61	65
	<u>2,432</u>	<u>2,412</u>

#### 18 Control

The company's ultimate parent undertaking and controlling party and largest and smallest group in whose financial statements the company is consolidated is Immerfin SpA, a company incorporated in Italy. The group financial statements can be obtained from Immerfin SpA, Via Cisa Ligure, 95 42041 Brescello Reggio Emilia, Italy.

#### 19 Related party relationships and transactions

The company has taken advantage of the exemption conferred in FRS 8 not to disclose transactions with other members of the Immerfin SpA group as it is a wholly owned subsidiary within this group, whose financial statements are publicly available.