

Thermetica Limited
Annual Report and Accounts
For the year ended 31 December 2013



Company No. 3772981

Company information

Company registration number

3772981

Registered office

Castlefield House
Liverpool Road
Castlefield
Manchester
M3 4SB

Director

A D Stiff

Company secretary

P M Barry

Bankers

HSBC Bank plc
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Solicitors

Atticus Legal LLP
3rd Floor Castlefield House
Liverpool Road
Castlefield
Manchester
M3 4SB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory
Auditors
101 Barbirolli Square,
Lower Mosley Street,
Manchester
M2 3PW

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Report of the director

The director presents his report and the audited financial statements of the Company for the year ended 31 December 2013.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities

The Company has not generated revenue. The principal activities of the Company during the year were those of patent renewal and patent application processing.

Results and dividends

The profit / (loss) for the year after taxation amounted to £310 (2012: (£150)). The director does not recommend payment of a dividend (2012: £ Nil).

Financial risk management objectives and policies/other risk and uncertainties

The Company manages its capital to ensure that it is able to continue as a going concern whilst maximising the return to its ultimate parent undertaking. The Company's strategy remains unchanged from the prior year and is dependent upon the continuing support of its ultimate parent company. The capital structure of the Company consists of cash, inter-group loans and share capital.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

A D Stiff

P R Richardson (resigned 30th April 2013)

A C Hutchings (resigned 11th February 2013)

Report of the director

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Directors' indemnities

As permitted by the Articles of Association, the Director has the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Director.

Report of the director

Statement of disclosure of information to auditors

In so far as the director is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP, having expressed their willingness to continue in office, as independent auditors and they will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



Tony Stiff

Director

3 June 2014

Independent auditors' report to the members of Thermetica Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- 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:

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Thermetica Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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:

Independent auditors' report to the members of Thermetica Limited

- 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 and Accounts (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 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Thermetica Limited

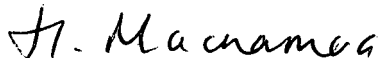
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Hazel Macnamara (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
3 June 2014

Profit and loss account

	Note	2013 £	2012 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		310	(150)
		<hr/>	<hr/>
Operating profit / (loss)		310	(150)
Interest receivable and similar income		-	-
		<hr/>	<hr/>
Profit / (loss) on ordinary activities before taxation	2	310	(150)
Tax on profit /(loss) on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit / (loss) for the financial year	11	310	(150)
		<hr/>	<hr/>

There were no recognised gains or losses other than the loss for the current or previous financial year.

All activities are derived from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

Balance sheet

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	5	-	-
			-
Current assets			
Debtors	6	1,094	1,089
Cash at Bank and in Hand		159	189
		1,253	1,278
Creditors: amounts falling due within one year	7	(311,747)	(312,082)
Net current liabilities		(310,494)	(310,804)
Total assets less current liabilities		(310,494)	(310,804)
Net liabilities		(310,494)	(310,804)
Capital and reserves			
Called up share capital	9	1,000	1,000
Share premium account	10	374,162	374,162
Profit and loss account	11	(685,656)	(685,966)
Total Shareholders' deficit	12	(310,494)	(310,804)

These financial statements on pages 10 to 17 were approved by the director and authorised for issue on 3 June 2014 and are signed by:



Tony Stiff
Director

Thermetica Limited
Company No: 3772981

Notes to the financial statements

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice) in accordance with the Companies Act 2006.

The principal accounting policies of the Company have remained unchanged from the previous year and are set out below. The director has reviewed the accounting policies in accordance with FRS 18 and considers them to be the most appropriate to the Company's circumstances.

Going concern

The continuation of the Company's activities is dependent upon the continuing support of its ultimate parent company, Flowgroup plc, which the directors have received in writing at the date of this report.

Flowgroup plc is currently in the final development stage of the Flow boiler with the market launch to take place in H2 2014. During December 2013 Flowgroup plc issued additional share capital raising £16.4m after expenses and announced a manufacturing services agreement under which Jabil Circuit Inc will produce up to 390,000 boilers and provide the working capital to secure manufacture and the supply chain. On 28 March 2014 it was announced that the Flow boiler had received CE certification from the British Standards Institution. This confirms that the boiler has passed all safety regulations and has been certified for volume production and home installation thus allowing the boiler to proceed to volume manufacture.

The Directors of Flowgroup plc have produced business forecasts which after taking account of expected future cash outflows through 2014 indicate that the Group has sufficient resources to operate for the foreseeable future continuing development of the energy services and back up power businesses and taking the boiler through to volume sales and ultimate cash generation.

The directors of Flowgroup plc have given assurances that the ultimate parent company will continue to support the Company and accordingly the directors have adopted the going concern basis in preparing the Company's financial statements.

Notes to the financial statements

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Cash flow statement

The Company is a wholly-owned subsidiary of Flowgroup plc and is included in the consolidated financial statements of Flowgroup plc, which are publically available. Consequently the Company has taken advantage of the exemption in FRS 1 (Revised 1996) from including a cash flow statement in the financial statements.

Related party transactions

The Company, as a wholly owned subsidiary of Flowgroup plc, is exempt from the requirements of the Financial Reporting Standards (FRS 8) to disclose transactions within the group headed by Flowgroup plc.

The director does not consider there to be a controlling related party of the ultimate parent company.

Notes to the financial statements

2 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is attributable to the principal activity of the company and arose entirely within the United Kingdom.

The auditors' remuneration has been borne without recharge by the parent undertaking, Flowgroup plc.

3 Directors and employees

The company has no employees (2012: Nil).

The director did not receive any remuneration in respect of his services to the company in respect of the current or the previous year. The remuneration he receives is borne by another group company.

4 Taxation on ordinary activities

There was no tax charge in the year (2012: £ Nil).

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2012: higher than) the standard rate of corporation tax in the United Kingdom of 23.25% (2012: 24.50%). The differences are explained as follows:

	2013	2012
	£	£
Profit / (loss) on ordinary activities before taxation	<u>310</u>	<u>(150)</u>
Profit / (loss) on ordinary activities before taxation at the standard rate of corporation tax in the United Kingdom of 23.25% (2012: 24.50%)	72	(37)
Effect of: Losses utilised / extinguished	<u>(72)</u>	<u>37</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

The 2013 Budget on 20 March 2013 announced reductions to the UK corporation tax rate whereby the main rate of UK Corporation Tax is to reduce by 2% per annum to 21% on 1 April 2014 and by a further 1% per annum to 20% per annum on 1 April 2015. These changes were substantively enacted on 17 July 2013 and the deferred tax asset at 31 December 2013 has been re-measured accordingly.

Notes to the financial statements

5 Tangible fixed assets

	Plant & machinery
	£
Cost	
At 1 January 2013 and 31 December 2013	5,717
Depreciation	
At 1 January 2013 and 31 December 2013	5,717
Net book value	
At 31 December 2013	-
At 31 December 2012	-

6 Debtors

	2013	2012
	£	£
Amounts owed by fellow group subsidiary undertakings	1,034	1,034
Other Debtors	60	55
	<u>1,094</u>	<u>1,089</u>

Amounts owed by group undertakings are unsecured, interest free, repayable on demand and have no fixed repayment date.

7 Creditors: amounts falling due within one year

	2013	2012
	£	£
Amounts owed to holding company	309,716	309,716
Amounts owed to fellow group subsidiary undertakings	2,000	2,000
Accruals	30	366
	<u>311,746</u>	<u>312,082</u>

Amounts owed to group undertakings are unsecured, interest free, repayable on demand and have no fixed repayment date.

Notes to the financial statements

8 Deferred taxation

The unprovided deferred tax asset comprises:

	2013	2012
	£	£
Trade Losses	-	82

Prior year deferred tax assets have reduced by £10,000 due to reduction in the rate of corporation tax from 23% to 20%, with the remaining £72,000 relating to trade losses utilised against taxable profits recorded in the current year.

9 Called up Share capital

Allotted and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £0.10 each	7,670	767	7,670	767
Preferred ordinary shares of £0.10 each	2,330	233	2,330	233
	<u>10,000</u>	<u>1,000</u>	<u>10,000</u>	<u>1,000</u>

Members holding preferred ordinary shares may at any time convert all the preferred ordinary shares into the same number of fully paid ordinary shares by notice in writing to the Company signed by the holders of not less than 75 per cent of the preferred ordinary shares. In accordance with FRS 25, the shares are deemed to be equity with no contractual obligations.

10 Share premium

Share
premium
account

£

At 1 January 2013 and at 31 December 2013

374,162

Notes to the financial statements

11 Profit and loss account

	Profit and loss account
	£
At 1 January 2013	(685,966)
Profit for the financial year	310
At 31 December 2013	<u>(685,656)</u>

12 Reconciliation of shareholders' deficit

	2013	2012
	£	£
Profit / (loss) for the financial year	310	(150)
Decrease / (increase) in shareholders' deficit	310	(150)
Shareholders' deficit at 1 January	<u>(310,804)</u>	<u>(310,654)</u>
Shareholders' deficit at 31 December	<u>(310,494)</u>	<u>(310,804)</u>

13 Ultimate parent company and controlling related party

The immediate and ultimate parent undertaking of this Company is Flowgroup plc, which is the only company to consolidate the company's financial statements. Consolidated Financial Statements for Flowgroup plc are available from the Company Secretary, Flowgroup plc, 3rd Floor Castlefield House, Liverpool Road, Castlefield, Manchester. M3 4SB.