

Registered number: 07464159

THERMASYS CS UK HOLDING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

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COMPANIES HOUSE

THERMASYS CS UK HOLDING LIMITED

COMPANY INFORMATION

DIRECTORS K Namazi (appointed 24 December 2010)
K Barrett (appointed 8 December 2010)
P Schmitz (appointed 8 December 2010)

COMPANY SECRETARY P A Cox

COMPANY NUMBER 07464159

REGISTERED OFFICE
Sir Henry Parkes Road
Canley
Coventry
CV5 6BN

AUDITOR Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

SOLICITORS Morgan, Lewis & Bockius
Condor House
5 - 10 St Pauls Churchyard
London
EC4M 8AL

THERMASYS CS UK HOLDING LIMITED

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THERMASYS CS UK HOLDING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the period ended 31 December 2011.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is that of a holding company. The principal activities of its subsidiaries are the design and manufacture of cooling equipment for off-highway vehicles, power generation, rail traction engine, marine and industrial markets.

The company was incorporated on 8 December 2010 to be the U.K. holding company for the acquisition of Covrad Holdings Limited (and its trading subsidiary, Covrad Heat Transfer Limited) and Hallico 1516 Limited by The ThermaSys Corporation of America.

The first year's trading is seen as very successful and a sound basis for the future.

RESULTS

The profit for the period, after taxation, amounted to £1,683,672.

DIRECTORS

The directors who served during the period were

K Namazi (appointed 24 December 2010)
K Barrett (appointed 8 December 2010)
P Schmitz (appointed 8 December 2010)

DIRECTORS' INTERESTS

During the year, no rights to subscribe for shares in the company or any other group company were granted to or exercised by any director.

THERMASYS CS UK HOLDING LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2011**

FUTURE DEVELOPMENTS

The company will remain committed to quality in design, manufacture, maintenance and services. To this end the company is committed to invest and implement the requirements of the TS 16949 quality standards

Customer demand has been strong during the year and the directors are keenly aware that the world economic situation has a direct influence on the business. They are of the opinion that the worst of the recession has now passed and, whilst they need to be alive to the possibilities of future uncertainties and uneven demand, they remain confident in the medium to long term prospects of the company.

The consolidated balance sheet has been affected by a relatively small increase in the gross pension deficit in Covrad Heat Transfer Limited during the year. However, the company is convinced that this is a longer term funding issue and these short term movements are not reflective of the true situation. The company has agreed a revised funding schedule with the trustees based on the 2010 triennial review. The company is confident that a funding schedule can be agreed that is affordable to the company.

FINANCIAL INSTRUMENTS

The company does not have any abnormal exposure to price, liquidity and cash flow risks arising from its trading activities. The company does not enter into any hedging transactions and no trading in financial instruments is undertaken.

PROVISION 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 that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information

AUDITOR

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

This report was approved by the board on

27 APR 2012

and signed on its behalf.


Director

THERMASYS CS UK HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THERMASYS CS UK HOLDING LIMITED

We have audited the financial statements of Thermasys CS UK Holding Limited for the period ended 31 December 2011, set out on pages 5 to 26. 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 group's and the parent 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 Directors' 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 group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

THERMASYS CS UK HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THERMASYS CS UK HOLDING LIMITED

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

Nigel Bostock

Nigel Bostock (Senior statutory auditor)
for and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
St Brde's House
10 Salisbury Square
London
EC4Y 8EH

3 May 2012

THERMASYS CS UK HOLDING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	Note	2011 £
TURNOVER	1,2	41,312,554
Cost of sales		(34,412,273)
		<hr/>
GROSS PROFIT		6,900,281
Distribution costs		(465,802)
Administrative expenses		(3,440,803)
Other operating income		1,283
		<hr/>
OPERATING PROFIT	3	2,994,959
Interest payable and similar charges	6	(575,427)
Other finance income	7	(121,000)
		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,298,532
Tax on profit on ordinary activities	8	(614,860)
		<hr/>
PROFIT FOR THE FINANCIAL PERIOD	20	1,683,672
		<hr/>

All amounts relate to continuing operations.

The notes on pages 10 to 26 form part of these financial statements.

THERMASYS CS UK HOLDING LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	Note	2011 £
PROFIT FOR THE FINANCIAL PERIOD		1,683,672
Actuarial loss related to pension scheme	25	(1,735,000)
Deferred tax attributable to actuarial loss	25	389,667
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD		338,339

The notes on pages 10 to 26 form part of these financial statements.

THERMASYS CS UK HOLDING LIMITED
REGISTERED NUMBER: 07464159

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011 £	£
FIXED ASSETS			
Intangible assets	9		6,265,903
Tangible assets	11		3,375,373
			<u>9,642,276</u>
CURRENT ASSETS			
Stocks	14	3,928,759	
Debtors	15	5,743,480	
Cash at bank and in hand		169,762	
		<u>9,842,001</u>	
CREDITORS: amounts falling due within one year	16	(12,066,526)	
NET CURRENT LIABILITIES			<u>(2,224,525)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,417,751</u>
CREDITORS: amounts falling due after more than one year	17		(1,950)
PROVISIONS FOR LIABILITIES			
Deferred tax	18		(214,383)
NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u>7,201,418</u>
Defined benefit pension scheme liability	25		(4,652,250)
NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u>2,549,168</u>
CAPITAL AND RESERVES			
Called up share capital	19		2,210,829
Profit and loss account	20		338,339
SHAREHOLDERS' FUNDS	21		<u>2,549,168</u>

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


Director

27 APR 2012

The notes on pages 10 to 26 form part of these financial statements.

THERMASYS CS UK HOLDING LIMITED
REGISTERED NUMBER: 07464159

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011 £	£
FIXED ASSETS			
Investments	12		6,475,499
CURRENT ASSETS			
Debtors	15	102,163	
CREDITORS: amounts falling due within one year	16	<u>(4,658,517)</u>	
NET CURRENT LIABILITIES			<u>(4,556,354)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>1,919,145</u></u>
CAPITAL AND RESERVES			
Called up share capital	19		2,210,829
Profit and loss account	20		<u>(291,684)</u>
SHAREHOLDERS' FUNDS	21		<u><u>1,919,145</u></u>

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


Director

27 APR 2012

The notes on pages 10 to 26 form part of these financial statements

THERMASYS CS UK HOLDING LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	Note	2011 £
Net cash flow from operating activities	22	4,847,873
Returns on investments and servicing of finance	23	(180,297)
Capital expenditure and financial investment	23	(425,222)
Acquisitions and disposals	23	(6,333,559)
CASH OUTFLOW BEFORE FINANCING		(2,091,205)
Financing	23	2,119,027
INCREASE IN CASH IN THE PERIOD		27,822

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	2011 £
Increase in cash in the period	27,822
Cash outflow from decrease in debt and lease financing	91,802
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	119,624
Other non-cash changes	(120,501)
Net cash acquired with subsidiary undertakings	141,940
MOVEMENT IN NET DEBT IN THE PERIOD	141,063
NET FUNDS AT 31 DECEMBER 2011	141,063

The notes on pages 10 to 26 form part of these financial statements

THERMASYS CS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Accounting convention and compliance with accounting standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The directors have considered the company's future working capital requirements and financing arrangements. The company continues to trade profitably and meets its day to day working capital requirements through the use of trade and group finance arrangements and the directors are not aware of any circumstances that may adversely affect the renewal of these facilities. Accordingly, the directors believe that it is appropriate to prepare the financial statements on the going concern basis.

1.2 Basis of consolidation

The consolidated Profit and Loss account and Balance Sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2011. The results of subsidiaries sold or acquired are included in the Profit and Loss Account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents the total amounts receivable by the company in the ordinary course of business for goods supplied and services provided net of VAT and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life of 10 years.

Goodwill is stated after provision for impairment.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets, other than freehold land, 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:

Leasehold improvements	-	20% straight line
Plant & machinery	-	10 to 25% straight line
Fixtures & fittings	-	10 to 33% straight line
Jigs and tools	-	10% to 25% straight line

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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

1.8 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress and finished goods are valued on the basis of direct cost plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1.9 Deferred taxation

Deferred tax 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.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES (continued)

1.11 Pensions

Defined contribution

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable by the company during the year have been accounted for in the Profit and Loss Account.

Defined benefit

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated costs over the service lives of the employees in the scheme, so as to ensure that the regular costs of providing benefits represents a substantially level percentage of the current and future pensionable payroll. Variations from regular costs are spread over the average remaining service lives of current employees in the scheme.

Benefits no longer accrue and the final salary link for active members in respect of benefits accrued has been broken. The scheme is now closed to new entrants.

1.12 Tooling

The company manufactures tooling which is used in production. The cost of such tooling is capitalised by the company as a fixed asset and depreciated in equal instalments over a period of three years. The costs capitalised consist of the direct labour and overheads involved in the production of the tools and a relevant proportion of indirect production overheads.

1.13 Warranties

The company provides warranties on large contracts. Costs to rectify claims made under these warranties are accrued in the financial statements.

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES (continued)

1.11 Pensions

Defined contribution

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THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

2. TURNOVER

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

	2011 £
Power generation	31,284,588
Railway traction	1,644,000
Off-highway	144,000
Marine and industrial	6,513,480
Scrap sales	215,591
Other	1,510,895
	<u>41,312,554</u>

A geographical analysis of turnover is as follows

	2011 £
United Kingdom	30,305,212
Rest of European Union	4,678,107
Rest of world	6,329,235
	<u>41,312,554</u>

3. OPERATING PROFIT

The operating profit is stated after charging

	2011 £
Amortisation - intangible fixed assets	696,322
Depreciation of tangible fixed assets	
- owned by the group	513,771
- held under finance leases	118,979
Auditors' remuneration	35,600
Operating lease rentals	
- plant and machinery	96,803
- other operating leases	9,501
Difference on foreign exchange	4,722

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011
	£
Wages and salaries	6,819,698
Social security costs	629,743
Other pension costs (Note 25)	269,008
	<hr/> 7,718,449 <hr/>

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

	2011
	No.
Production staff	212
Administrative staff	32
	<hr/> 244 <hr/>

5. DIRECTORS' REMUNERATION

	2011
	£
Emoluments	276,395
	<hr/>
Company pension contributions to defined contribution pension schemes	47,760
	<hr/>

During the period retirement benefits were accruing to no directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £276,395

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £47,760.

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

6. INTEREST PAYABLE

	2011 £
On bank loans and overdrafts	46,754
On other loans	401,392
On finance leases and hire purchase contracts	28,034
Other interest payable	99,247
	<u>575,427</u>

7. OTHER FINANCE INCOME

	2011 £
Expected return on pension scheme assets	589,000
Interest on pension scheme liabilities	(710,000)
	<u>(121,000)</u>

8. TAXATION

	2011 £
Analysis of tax charge in the period	
Current tax (see note below)	
UK corporation tax charge on profit for the period	425,673
Deferred tax	
Origination and reversal of timing differences	66,879
Deferred tax on pension scheme liability	157,917
Effect of tax rate change on opening balance	(12,663)
Adjustments in respect of prior period	(22,946)
Total deferred tax (see note 18)	<u>189,187</u>
Tax on profit on ordinary activities	<u>614,860</u>

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

8. TAXATION (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 26.49%
The differences are explained below

	2011 £
Profit on ordinary activities before tax	2,298,532
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.49%	608,881
Effects of:	
Non-tax deductible amortisation of goodwill and impairment	184,456
Expenses not deductible for tax purposes	23,759
Depreciation in excess of capital allowances	35,284
Utilisation of tax losses	(87,876)
Pension scheme net finance (credit)/cost	(110,463)
ACT	(238,753)
Other short term timing differences	8,429
Unutilised tax losses and other deductions arising in the period	2,166
Marginal relief	(210)
Current tax charge for the period (see note above)	425,673

Payment as compensation for tax losses surrendered within the group has been determined at a rate of upto £1 for each £1 of loss surrendered

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

9. INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 8 December 2010	-
Additions (see note 10)	6,963,225
At 31 December 2011	<u>6,963,225</u>
Amortisation	
At 8 December 2010	-
Charge for the period	696,322
At 31 December 2011	<u>696,322</u>
Net book value	
At 31 December 2011	<u><u>6,266,903</u></u>

10. ACQUISITIONS AND DISPOSALS

Acquisitions - see note 12

	Vendors' book value £	Fair value adjustments £	Fair value to the group £
Assets and liabilities acquired			
Tangible fixed assets	2,679,566	903,335	3,582,901
Stocks	2,596,134	-	2,596,134
Debtors	6,376,838	-	6,376,838
Cash at bank	141,940	-	141,940
Loans and finance leases	(2,186,613)	-	(2,186,613)
Other creditors and provisions	(7,432,926)	-	(7,432,926)
Defined benefit pension scheme liability	(3,566,000)	-	(3,566,000)
Net assets acquired	<u>(1,391,061)</u>	<u>903,335</u>	<u>(487,726)</u>
Satisfied by			
Consideration			
Cash			6,475,499
Goodwill arising on consolidation (see note 9)			<u><u>6,963,225</u></u>

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

11. TANGIBLE FIXED ASSETS

Group	S/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Jigs & tools £	Total £
Cost					
At 8 December 2010	-	-	-	-	-
Additions	48,787	3,703,570	224,496	31,270	4,008,123
At 31 December 2011	48,787	3,703,570	224,496	31,270	4,008,123
Depreciation					
At 8 December 2010	-	-	-	-	-
Charge for the period	10,847	529,794	74,765	17,344	632,750
At 31 December 2011	10,847	529,794	74,765	17,344	632,750
Net book value					
At 31 December 2011	37,940	3,173,776	149,731	13,926	3,375,373

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2011 £
Plant and machinery, furniture, fixtures and fittings	518,072

12. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £
Cost or valuation	
At 8 December 2010	-
Additions (see note 10)	6,475,499
At 31 December 2011	6,475,499
Net book value	
At 31 December 2011	6,475,499

Details of the principal subsidiaries can be found under note number 13.

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

13. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Covrad Holdings Limited	UK	100%	Holding company
Covrad Heat Transfer Limited*	UK	100%	Manufacturer of cooling equipment
Hailco 1516 Limited	UK	100%	Manufacturer of cooling equipment
* Indirectly owned by Covrad Holdings Limited			

On 23 December 2010, the company acquired 100% of the share capital of Covrad Holdings Limited and Hailco 1516 Limited.

14. STOCKS

	<u>Group</u>	<u>Company</u>
	2011	2011
	£	£
Raw materials	2,537,988	-
Work in progress	1,097,508	-
Finished goods and goods for resale	293,263	-
	<u>3,928,759</u>	<u>-</u>

15. DEBTORS

	<u>Group</u>	<u>Company</u>
	2011	2011
	£	£
Trade debtors	5,502,135	-
Amounts owed by group undertakings	-	102,163
Other debtors	127,532	-
Prepayments and accrued income	113,813	-
	<u>5,743,480</u>	<u>102,163</u>

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

16. CREDITORS:

Amounts falling due within one year

	<u>Group</u>	<u>Company</u>
	2011	2011
	£	£
Net obligations under finance leases and hire purchase contracts	26,749	-
Trade creditors	4,694,146	-
Amounts owed to group undertakings	5,588,810	4,658,517
Corporation tax	425,673	-
Social security and other taxes	205,141	-
Other creditors	560,888	-
Accruals and deferred income	565,119	-
	<u>12,066,526</u>	<u>4,658,517</u>

17. CREDITORS:

Amounts falling due after more than one year

	<u>Group</u>	<u>Company</u>
	2011	2011
	£	£
Net obligations under finance leases and hire purchase contracts	1,950	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>	<u>Company</u>
	2011	2011
	£	£
Between one and five years	1,950	-

18. DEFERRED TAXATION

	<u>Group</u>	<u>Company</u>
	2011	2011
	£	£
On acquisition of subsidiary undertakings	183,113	-
Charge for the period	31,270	-
At end of period	<u>214,383</u>	<u>-</u>

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

18. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	<u>Group</u>	<u>Company</u>
	2011	2011
	£	£
Accelerated capital allowances	241,332	-
Other short term timing differences	(26,949)	-
	<u>214,383</u>	<u>-</u>

19. SHARE CAPITAL

	2011
	£
Allotted, called up and fully paid	
2,210,829 Ordinary shares shares of £1 each	<u>2,210,829</u>

At incorporation on 8 December 2010, 2,210,829 Ordinary shares of £1 each were issued at par.

20. RESERVES

Group	Profit and loss account £
Profit for the period	1,683,672
Pension reserve movement	(1,345,333)
	<u>338,339</u>
At 31 December 2011	
	<u>338,339</u>
	<u>338,339</u>
Company	Profit and loss account £
Loss for the period	(291,684)
	<u>(291,684)</u>
At 31 December 2011	
	<u>(291,684)</u>

The closing balance on the Group Profit and Loss Account includes a £1,345,333 debit, stated after deferred taxation of £389,667, in respect of pension scheme liabilities of the Group and Company pension scheme

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £
Group	
Opening shareholders' funds	-
Profit for the period	1,683,672
Shares issued during the period	2,210,829
Other recognised gains and losses during the period	(1,345,333)
	<u>2,549,168</u>
Closing shareholders' funds	<u>2,549,168</u>
	2011 £
Company	
Opening shareholders' funds	-
Loss for the period	(291,684)
Shares issued during the period	2,210,829
	<u>1,919,145</u>
Closing shareholders' funds	<u>1,919,145</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The loss for the period dealt with in the accounts of the company was £291,684

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £
Operating profit	2,994,959
Amortisation of intangible fixed assets	696,322
Depreciation of tangible fixed assets	632,750
Increase in stocks	(1,332,625)
Increase in debtors	(276,795)
Decrease in creditors	(2,917,548)
Increase in amounts owed to group undertakings	5,588,810
Decrease in net pension assets/liabilities	(538,000)
	<u>4,847,873</u>
Net cash inflow from operating activities	<u>4,847,873</u>

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £
Returns on investments and servicing of finance	
Interest paid	(152,263)
Hire purchase interest	(28,034)
	<u>(180,297)</u>
Net cash outflow from returns on investments and servicing of finance	
	2011 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(425,222)
	<u>(425,222)</u>
	2011 £
Acquisitions and disposals	
Purchase of subsidiary undertakings	(6,475,499)
Net cash acquired with subsidiary undertakings	141,940
	<u>(6,333,559)</u>
Net cash outflow from acquisitions and disposals	
	2011 £
Financing	
Issue of ordinary shares	2,210,829
Repayment of finance leases	(91,802)
	<u>2,119,027</u>
Net cash inflow from financing	

24. ANALYSIS OF CHANGES IN NET DEBT

	8 December 2010 £	Cash flow £	Acquisition £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	-	27,822	141,940	-	169,762
Debt:					
Debts due within one year	-	91,802	-	(118,551)	(26,749)
Debts falling due after more than one year	-	-	-	(1,950)	(1,950)
	<u>-</u>	<u>119,624</u>	<u>141,940</u>	<u>(120,501)</u>	<u>141,063</u>
Net funds	<u>-</u>	<u>119,624</u>	<u>141,940</u>	<u>(120,501)</u>	<u>141,063</u>

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

25. PENSION COMMITMENTS

Defined contribution

The group operates a defined contribution scheme for the benefit of its UK employees. The assets of the scheme are administered by trustees in funds independent from those of the company.

Contributions payable by the group for the year totalled £231,008. Contributions totalling £20,829 were payable into the scheme at 31 December 2011 and are included within other creditors.

Defined benefit

The group operates a Defined Benefit Pension Scheme.

The assets of the scheme are administered by trustees in funds independent from those of the company and invested directly on the advice of the independent professional investment managers.

Benefits do not accrue and the final salary link for active members in respect of benefits has been broken. The scheme is now closed to new entrants.

The treatment of pension costs in these financial statements is in accordance with the provisions of Financial Reporting Standard 17 "Retirement Benefits".

The last full actuarial valuation was carried out at 6 April 2010 and updated to 31 December 2011 by an independent qualified actuary.

During the year, the group made contributions of £468,000 towards the accumulated deficit in the scheme.

The amounts recognised in the Balance Sheet are as follows:

	2011 £
Fair value of scheme assets	7,569,000
Present value of unfunded obligations	(13,772,000)
	<hr/>
Deficit	(6,203,000)
Related deferred tax asset	1,550,750
	<hr/>
Net liability	(4,652,250)
	<hr/>

The amounts recognised in profit or loss are as follows:

	2011 £
Interest on obligation	(710,000)
Expected return on scheme assets	589,000
	<hr/>
Total	(121,000)
	<hr/>
Actual return on scheme assets	530,000
	<hr/>

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

25. PENSION COMMITMENTS (continued)

Changes in the present value of the defined benefit obligation are as follows

	2011 £
Interest cost	710,000
Actuarial Losses	577,000
Liabilities assumed on acquisition of subsidiaries	12,880,000
Benefits paid	(395,000)
	<hr/>
Closing defined benefit obligation	13,772,000
	<hr/>

Changes in the fair value of scheme assets are as follows

	2011 £
Expected return	589,000
Actuarial gains and (losses)	(1,158,000)
Contributions by employer	538,000
Assets acquired on acquisition of subsidiaries	7,995,000
Benefits paid	(395,000)
	<hr/>
	7,569,000
	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £1,735,000.

The group expects to contribute £500,000 to its Defined Benefit Pension Scheme in 2012.

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2011
Equities	62.10 %
Bonds	24.07 %
Other	13.83 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages)

	2011
Rate of increase in pensions payment	2.80 %
Discount rate	4.90 %
Inflation assumption	2.80 %
Expected return on equities	8.20 %
Expected return on bonds	4.90 %
Expected return on other assets	6.80 %

THERMASYS CS UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

25. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows

Defined benefit pension schemes

	2011 £
Defined benefit obligation	(13,772,000)
Scheme assets	7,569,000
Deficit	<u>(6,203,000)</u>
Experience adjustments on scheme liabilities	126,000
Experience adjustments on scheme assets	<u>(1,158,000)</u>

26. OPERATING LEASE COMMITMENTS

At 31 December 2011 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2011 £	Other 2011 £
Group		
Expiry date:		
Within 1 year	-	13,682
Between 2 and 5 years	-	<u>90,677</u>

27. RELATED PARTY TRANSACTIONS

During the year, the company made purchases of £2,171 and sales of £15,252 with General Thermodynamics, a fellow group company incorporated in the U.S.A. At 31 December 2011, the balance due from General Thermodynamics was £3,159.

During the year, the company made purchases of £3,587,457 from Thermasys Corporation, a fellow group company incorporated in the U.S.A. At 31 December 2011, the balance due to Thermasys Corporation was £1,174,179.

During the year, the company received a loan of £4,017,330 and was charged interest of £395,130 by Thermasys Group Holding Company Inc. At 31 December 2011, the balance due to Thermasys Group Holding Company Inc. was £4,412,460.

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Thermasys Group Holding Company Inc, a company incorporated in the USA, is the company's immediate parent undertaking and controlling party.