

**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31st December 2022
for
Warmup PLC**

Davis Grant Limited
Chartered Certified Accountants and
Statutory Auditors
Treviot House
186-192 High Road
Ilford
Essex
IG1 1LR

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for the Year Ended 31st December 2022**

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Warmup PLC

**Company Information
for the Year Ended 31st December 2022**

DIRECTORS:

A.D. Stimpson
D. Stimpson
S. D. Sheen
J. A. McInerney
M G Stimpson

REGISTERED OFFICE:

Unit 704
Tudor Estate
Abbey Road
London
NW10 7UW

REGISTERED NUMBER:

02955213 (England and Wales)

AUDITORS:

Davis Grant Limited
Chartered Certified Accountants and
Statutory Auditors
Treviot House
186-192 High Road
Ilford
Essex
IG1 1LR

**Group Strategic Report
for the Year Ended 31st December 2022**

The directors present their strategic report of the company and the group for the year ended 31st December 2022.

REVIEW OF BUSINESS

The results for the year and financial position of the Company and Group are shown in the financial statements on pages 9 to 31. The directors are pleased to report that despite the principal risks and uncertainties, the Group maintained growth overall and double-digit growth, 13.2%, in its international markets. While investing in infrastructure, the group also continued to be profitable.

The directors believe the group continues to be in a good financial position due to its careful management, the retention of all retained earnings within the business and the constant review of funding arrangements. The positive levels of net assets and available funds continue to provide the platform from which to finance the company's expansion of product range and geographical sales area.

The key performance indicators used to monitor and manage the Group and to measure progress towards its objectives are stated below:

	2022	2021
	%	%
Growth in group turnover	4.05	19.01
EBITDA as a percentage of turnover	6.15	10.23
Profitability after tax margin	3.65	7.25
Overseas turnover as a percentage of turnover	51.79	47.58

FUTURE DEVELOPMENTS

The Group intends to continue its expansion by increasing its penetration into overseas markets and by increasing its product range in existing markets by driving the global adoption of the most CO2 efficient and comfortable smart heating solutions, thus helping the world to achieve net zero.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group include the following:

Environmental concerns: The directors believe that the Group's products are well placed to take advantage of the increased awareness of the importance of energy efficiency and the use of renewable energy sources.

Foreign currency exchange risk: The Group uses forward foreign currency exchange contracts to mitigate the risk of unfavourable exchange rate movements in the short term.

Liquidity risk: The Group reviews and renegotiates its borrowing facilities on an annual basis. Borrowing headroom is regularly monitored with rolling twelve-month forecasts updated on a monthly basis.

Credit risk: Outstanding debt is regularly monitored. Customer credit limits are set with regard to latest credit agency reports and ratings.

Competitive concerns: The directors believe that the high quality of the Group's products and service level offering enable it to successfully differentiate from its competitors.

Loss of key personnel risk: The directors continually review remuneration packages and incentive plans to ensure that the risk of losing key personnel is minimal. The Group also has a broad and strong management team which would mitigate the impact of losing key individuals.

RESEARCH AND DEVELOPMENT

The company makes significant investments in research and development in order to improve existing products, and innovate and invent in related areas.

**Group Strategic Report
for the Year Ended 31st December 2022**

FINANCIAL INSTRUMENTS

The group has a normal level of exposure to price, credit, liquidity, foreign exchange and cash flow risks arising from trading activities. The Group uses forward foreign currency exchange contracts to mitigate the risk of unfavourable exchange rate movements in the short term.

ON BEHALF OF THE BOARD:

J. A. McNerney - Director

30th June 2023

**Report of the Directors
for the Year Ended 31st December 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2022.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of design, manufacture and sale of underfloor heating and related products.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2022.

RESEARCH AND DEVELOPMENT

The company makes significant investments in research and development in order to improve existing products, and innovate and invent in related areas.

FUTURE DEVELOPMENTS

The Group intends to continue its expansion by increasing its penetration into overseas markets and by increasing its product range in existing markets.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

A.D. Stimpson
D. Stimpson
S. D. Sheen
J. A. McInerney

Other changes in directors holding office are as follows:

M G Stimpson was appointed as a director on 27 January 2022.

J.B. Stokes ceased to be a director on 25 April 2022 due to being deceased.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- 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 and the group'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.

**Report of the Directors
for the Year Ended 31st December 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Davis Grant Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J. A. McInerney - Director

30th June 2023

Report of the Independent Auditors to the Members of Warmup PLC

Opinion

We have audited the financial statements of Warmup PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31st December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Warmup PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud and error; and to respond appropriately to these risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned in accordance with the ISA's (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the sector in which they operate. We determined that the following laws and regulations were most significant: the Companies Act 2006, the UK Corporate Governance code and the UK corporate taxation laws,
- We obtained an understanding of how the group are complying with the with those legal and regulatory frameworks by making enquiries with the companies directors. We corroborated our inquiries through our review of the board minutes and other information provided to the audit team.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process
- Challenging assumptions and judgements made by management in its significant accounting estimates
- Identifying and testing journal entries, in particular any journal entries posted with unusual account collaborations
- Assessing the extent of compliance with the relevant laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Warmup PLC**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Barry Grant Chernoff FCCA (Senior Statutory Auditor)
for and on behalf of Davis Grant Limited
Chartered Certified Accountants and
Statutory Auditors
Treviot House
186-192 High Road
Ilford
Essex
IG1 1LR

30th June 2023

**Consolidated
Income Statement
for the Year Ended 31st December 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
TURNOVER	3		25,329		24,344
Cost of sales			<u>13,842</u>		<u>12,834</u>
GROSS PROFIT			11,487		11,510
Distribution costs		1,018		814	
Administrative expenses		<u>9,205</u>		<u>8,521</u>	
			<u>10,223</u>		<u>9,335</u>
			1,264		2,175
Other operating income			-		99
GROUP OPERATING PROFIT	5		<u>1,264</u>		<u>2,274</u>
Share of operating loss in Associates			-		(16)
Interest payable and similar expenses	6		<u>36</u>		<u>19</u>
PROFIT BEFORE TAXATION			1,228		2,239
Tax on profit	7		<u>304</u>		<u>478</u>
PROFIT FOR THE FINANCIAL YEAR			<u>924</u>		<u>1,761</u>
Profit attributable to:					
Owners of the parent			864		1,815
Non-controlling interests			<u>60</u>		<u>(54)</u>
			<u>924</u>		<u>1,761</u>

The notes form part of these financial statements

Warmup PLC (Registered number: 02955213)

**Consolidated
Other Comprehensive Income
for the Year Ended 31st December 2022**

	Notes	2022 £'000	2021 £'000
PROFIT FOR THE YEAR		924	1,761
OTHER COMPREHENSIVE INCOME			
Exchange differences on retranslation of subsidiary undertakings		413	(193)
Exchange differences on share of associate		-	(18)
Purchase of own shares		-	-
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		413	(211)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,337	1,550
Total comprehensive income attributable to:			
Owners of the parent		1,277	1,604
Non-controlling interests		60	(54)
		1,337	1,550

The notes form part of these financial statements

Warmup PLC (Registered number: 02955213)

**Consolidated Balance Sheet
31st December 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
FIXED ASSETS					
Intangible assets	9		482		563
Tangible assets	10		1,029		791
Investments	11		-		13
			1,511		1,367
CURRENT ASSETS					
Stocks	12	5,957		5,149	
Debtors	13	4,629		4,896	
Cash at bank and in hand		3,536		3,665	
		14,122		13,710	
CREDITORS					
Amounts falling due within one year	14	4,625		5,484	
NET CURRENT ASSETS			9,497		8,226
TOTAL ASSETS LESS CURRENT LIABILITIES			11,008		9,593
CREDITORS					
Amounts falling due after more than one year	15		(5)		(1)
PROVISIONS FOR LIABILITIES	19		(125)		(51)
NET ASSETS			10,878		9,541
CAPITAL AND RESERVES					
Called up share capital	20		440		440
Share premium	21		3,030		3,030
Capital redemption reserve	21		43		43
Other reserves	21		(461)		(461)
Retained earnings	21		7,820		6,543
SHAREHOLDERS' FUNDS			10,872		9,595
NON-CONTROLLING INTERESTS	22		6		(54)
TOTAL EQUITY			10,878		9,541

The financial statements were approved by the Board of Directors and authorised for issue on 30th June 2023 and were signed on its behalf by:

J. A. McInerney - Director

The notes form part of these financial statements

Warmup PLC (Registered number: 02955213)

**Company Balance Sheet
31st December 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		879		666
Investments	11		<u>688</u>		<u>702</u>
			1,567		1,368
CURRENT ASSETS					
Stocks	12	2,283		2,439	
Debtors	13	6,803		7,636	
Cash at bank		<u>1,763</u>		<u>2,003</u>	
		10,849		12,078	
CREDITORS					
Amounts falling due within one year	14	<u>2,933</u>		<u>4,251</u>	
NET CURRENT ASSETS			7,916		7,827
TOTAL ASSETS LESS CURRENT LIABILITIES			9,483		9,195
PROVISIONS FOR LIABILITIES	19		<u>125</u>		<u>51</u>
NET ASSETS			9,358		9,144
CAPITAL AND RESERVES					
Called up share capital	20		440		440
Share premium	21		3,030		3,030
Capital redemption reserve	21		43		43
Other reserves	21		(461)		(461)
Retained earnings	21		<u>6,306</u>		<u>6,092</u>
SHAREHOLDERS' FUNDS			9,358		9,144
Company's profit for the financial year			<u>139</u>		<u>1,352</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30th June 2023 and were signed on its behalf by:

J. A. McNerney - Director

The notes form part of these financial statements

**Consolidated Statement of Changes in Equity
for the Year Ended 31st December 2022**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000
Balance at 1st January 2021	441	4,940	3,030	42
Changes in equity				
Total comprehensive income	-	1,603	-	1
Issue of share capital	(1)	-	-	-
Total transactions with owners, recognised directly in equity	(1)	-	-	-
Acquisition of non-controlling interest	-	-	-	-
Balance at 31st December 2021	440	6,543	3,030	43
Changes in equity				
Total comprehensive income	-	1,277	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance at 31st December 2022	440	7,820	3,030	43

**Consolidated Statement of Changes in Equity - continued
for the Year Ended 31st December 2022**

	Other reserves £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1st January 2021	(461)	7,992	(8)	7,984
Changes in equity				
Total comprehensive income	-	1,604	(54)	1,550
Issuc of share capital	-	(1)	-	(1)
Total transactions with owners, recognised directly in equity	-	(1)	-	(1)
Acquisition of non-controlling interest	-	-	8	8
Balance at 31st December 2021	(461)	9,595	(54)	9,541
Changes in equity				
Total comprehensive income	-	1,277	60	1,337
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance at 31st December 2022	(461)	10,872	6	10,878

The notes form part of these financial statements

**Company Statement of Changes in Equity
for the Year Ended 31st December 2022**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1st January 2021	441	4,920	3,030
Changes in equity			
Issue of share capital	(1)	-	-
Total comprehensive income	-	1,172	-
Balance at 31st December 2021	<u>440</u>	<u>6,092</u>	<u>3,030</u>
Changes in equity			
Total comprehensive income	-	214	-
Balance at 31st December 2022	<u>440</u>	<u>6,306</u>	<u>3,030</u>
	Capital redemption reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1st January 2021	42	(461)	7,972
Changes in equity			
Issue of share capital	-	-	(1)
Total comprehensive income	1	-	1,173
Balance at 31st December 2021	<u>43</u>	<u>(461)</u>	<u>9,144</u>
Changes in equity			
Total comprehensive income	-	-	214
Balance at 31st December 2022	<u>43</u>	<u>(461)</u>	<u>9,358</u>

The notes form part of these financial statements

**Consolidated Cash Flow Statement
for the Year Ended 31st December 2022**

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from operations	1	1,196	1,606
Interest paid		(36)	(19)
Tax paid		(622)	(212)
Net cash from operating activities		<u>538</u>	<u>1,375</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(456)	(273)
Purchase of fixed asset investments		(43)	(183)
Sale of fixed asset investments		56	-
Net assets acquired		-	(11)
Net cash from investing activities		<u>(443)</u>	<u>(467)</u>
Cash flows from financing activities			
Movement on bank borrowings under 1 year		(224)	(941)
Purchase of own shares		-	(19)
Net cash from financing activities		<u>(224)</u>	<u>(960)</u>
Decrease in cash and cash equivalents		<u>(129)</u>	<u>(52)</u>
Cash and cash equivalents at beginning of year	2	3,665	3,717
Cash and cash equivalents at end of year	2	<u>3,536</u>	<u>3,665</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31st December 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021
	£'000	£'000
Profit before taxation	1,228	2,239
Depreciation charges	293	241
Foreign exchange differences in reserves	419	(165)
Share of loss in associate	-	16
Finance costs	36	19
	<u>1,976</u>	<u>2,350</u>
Increase in stocks	(808)	(1,891)
Decrease in trade and other debtors	267	362
(Decrease)/increase in trade and other creditors	(239)	785
Cash generated from operations	<u>1,196</u>	<u>1,606</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2022

	31.12.22	1.1.22
	£'000	£'000
Cash and cash equivalents	<u>3,536</u>	<u>3,665</u>

Year ended 31st December 2021

	31.12.21	1.1.21
	£'000	£'000
Cash and cash equivalents	<u>3,665</u>	<u>3,717</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.22	Cash flow	At 31.12.22
	£'000	£'000	£'000
Net cash			
Cash at bank and in hand	<u>3,665</u>	<u>(129)</u>	<u>3,536</u>
	<u>3,665</u>	<u>(129)</u>	<u>3,536</u>
Debt			
Debts falling due within 1 year	<u>(966)</u>	<u>224</u>	<u>(742)</u>
	<u>(966)</u>	<u>224</u>	<u>(742)</u>
Total	<u>2,699</u>	<u>95</u>	<u>2,794</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31st December 2022**

1. STATUTORY INFORMATION

Warmup PLC is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

Basis of consolidation

The group financial statements consolidate the accounts of Warmup Plc and all its subsidiary undertakings made up to 31 December each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of the acquisition and up to the date of disposal.

Turnover and profits arising on trading between group companies are excluded.

Turnover

Turnover is the total amount receivable by the Group for goods and services supplied, excluding VAT.

For installation contracts which are invoiced in advance, the income arising is recognised based upon the stage of completion of the installation. Costs incurred under these contracts are charged to the profit and loss account based upon the stage of completion of the installation

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2021, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- Straight line over 50 years
Improvements to property	- Straight line over the life of the lease
Fixtures and fittings	- At varying rates on cost
Motor vehicles	- 25% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stock

Stocks have been valued at the lower of cost and estimated selling price less costs to sell. In respect of work in progress and finished goods, costs include a relevant proportion of overheads according to the stage of completion.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. These are carried at transactional costs within the company's balance sheet.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Group

The results for overseas undertakings are translated into Sterling at the average rates ruling throughout the period and the balance sheets of overseas undertakings are translated into Sterling at the rates ruling at the balance sheet dates. Exchange differences arising on consolidation are taken directly to reserves.

Company

Assets and liabilities denominated in foreign currencies are converted at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. These translation differences are dealt with through the profit and loss account.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Share-based payments

The Company operates a number of equity-settled share-based payment plans and a cash settled share-based bonus scheme. Equity-settled share based payments are measured at fair value at the date of the grant which is then expensed over the vesting period. For the cash settled bonus scheme, a liability equal to the portion of services received is recognised at its current fair value determined at each balance sheet date. Fair value is determined by reference to option pricing models, principally the Black-Scholes model. Expected life in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restriction and behavioural consideration.

Investments

Fixed asset investments are stated at cost less provision for diminution in value except where the group owns between 20 and 50% of the voting capital where the investments are accounted for under the equity accounting method.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

2. ACCOUNTING POLICIES - continued

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Debtors & creditors

Short term debtors are measured at transaction price, less any impairment. Short term creditors are measured at transaction price.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2022	2021
	£'000	£'000
United Kingdom	12,212	12,759
Rest of Europe	5,456	4,720
North America	7,256	6,517
Rest of World	405	348
	<u>25,329</u>	<u>24,344</u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£'000	£'000
Wages and salaries	6,614	6,095
Social security costs	770	620
Other pension costs	76	68
	<u>7,460</u>	<u>6,783</u>

The average number of employees during the year was as follows:

	2022	2021
Manufacturing	20	18
Sales & Admin	116	114
	<u>136</u>	<u>132</u>

The remuneration for the key management personnel amounted to £701,272 (2021: £678,047).

	2022	2021
	£	£
Directors' remuneration	695,989	716,180
Directors' pension contributions to money purchase schemes	<u>5,283</u>	<u>3,955</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2022	2021
Money purchase schemes	<u>3</u>	<u>3</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

4. **EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	261,734	378,988
Pension contributions to money purchase schemes	<u>1,320</u>	<u>1,319</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Depreciation - owned assets	231	179
Goodwill amortisation	62	62
Auditors' remuneration	35	32
Auditors' remuneration for non audit work	27	17
Foreign exchange differences	(93)	41
Other operating leases	<u>942</u>	<u>743</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£'000	£'000
Bank interest	<u>36</u>	<u>19</u>

7. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax	(80)	367
Adjustments in respect of previous periods	-	(123)
Overseas taxes	<u>310</u>	<u>226</u>
Total current tax	<u>230</u>	<u>470</u>
Deferred tax	74	8
Tax on profit	<u>304</u>	<u>478</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

7. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit before tax	<u>1,228</u>	<u>2,239</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	233	425
Effects of:		
Expenses not deductible for tax purposes	15	62
Capital allowances in excess of depreciation	(51)	-
Depreciation in excess of capital allowances	-	11
Adjustments to tax charge in respect of previous periods	-	(123)
Effect of enhanced R&D deduction	(80)	-
Overseas losses not offset	16	-
Deferred tax	74	8
Effect of subsidiary tax	87	95
Tax credit adjustment on losses	90	-
R&D tax credit	(80)	-
Total tax charge	<u>304</u>	<u>478</u>

Tax effects relating to effects of other comprehensive income

	2022 Gross £'000	2022 Tax £'000	Net £'000
Exchange differences on retranslation of subsidiary undertakings	413	-	413
Exchange differences on share of associate			
Purchase of own shares	<u>413</u>	<u>-</u>	<u>413</u>
		2021	
	Gross £'000	Tax £'000	Net £'000
Exchange differences on retranslation of subsidiary undertakings	(193)	-	(193)
Exchange differences on share of associate			
Purchase of own shares	(18)	-	(18)
	<u>(211)</u>	<u>-</u>	<u>(211)</u>

8. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

9. INTANGIBLE FIXED ASSETS

Group

Goodwill
£'000

COST

At 1st January 2022
and 31st December 2022

625

AMORTISATION

At 1st January 2022

62

Amortisation for year

62

Exchange differences

19

At 31st December 2022

143

NET BOOK VALUE

At 31st December 2022

482

At 31st December 2021

563

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £'000	Improvements to property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST					
At 1st January 2022	237	574	1,918	30	2,759
Additions	-	1	453	2	456
Exchange differences	-	-	25	-	25
At 31st December 2022	<u>237</u>	<u>575</u>	<u>2,396</u>	<u>32</u>	<u>3,240</u>
DEPRECIATION					
At 1st January 2022	16	430	1,522	-	1,968
Charge for year	4	39	180	8	231
Exchange differences	-	-	15	(3)	12
At 31st December 2022	<u>20</u>	<u>469</u>	<u>1,717</u>	<u>5</u>	<u>2,211</u>
NET BOOK VALUE					
At 31st December 2022	<u>217</u>	<u>106</u>	<u>679</u>	<u>27</u>	<u>1,029</u>
At 31st December 2021	<u>221</u>	<u>144</u>	<u>396</u>	<u>30</u>	<u>791</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

10. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £'000	Improvements to property £'000	Fixtures and fittings £'000	Totals £'000
COST				
At 1st January 2022	237	573	1,650	2,460
Additions	-	-	396	396
At 31st December 2022	<u>237</u>	<u>573</u>	<u>2,046</u>	<u>2,856</u>
DEPRECIATION				
At 1st January 2022	16	430	1,348	1,794
Charge for year	4	39	140	183
At 31st December 2022	<u>20</u>	<u>469</u>	<u>1,488</u>	<u>1,977</u>
NET BOOK VALUE				
At 31st December 2022	<u>217</u>	<u>104</u>	<u>558</u>	<u>879</u>
At 31st December 2021	<u>221</u>	<u>143</u>	<u>302</u>	<u>666</u>

11. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £'000
COST	
At 1st January 2022	13
Additions	43
Disposals	(56)
At 31st December 2022	<u>-</u>
NET BOOK VALUE	
At 31st December 2022	<u>-</u>
At 31st December 2021	<u>13</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

11. **FIXED ASSET INVESTMENTS - continued**

Company

	Shares in group undertakings £'000	Unlisted investments £'000	Totals £'000
COST			
At 1st January 2022	684	18	702
Additions	-	42	42
Disposals	-	(56)	(56)
At 31st December 2022	684	4	688
NET BOOK VALUE			
At 31st December 2022	684	4	688
At 31st December 2021	684	18	702

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Warmup Inc

Registered office: USA

Nature of business: Sale of underfloor heating products

Class of shares:	% holding
Ordinary	100.00

Warmup SL

Registered office: Spain

Nature of business: Sale of underfloor heating products

Class of shares:	% holding
Ordinary	100.00

Warmup Inc

Registered office: Canada

Nature of business: Sale of underfloor heating products

Class of shares:	% holding
Ordinary	100.00

Warmup Elektrikli Yerden Isitma Sistemleri Sanayi Ve Ticaret

Registered office: Turkey

Nature of business: Sale of underfloor heating products

Class of shares:	% holding
Ordinary	51.00

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022**

11. FIXED ASSET INVESTMENTS - continued

Warmup Solutions Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Warmup Solutions Limited (07847858) is incorporated and a dormant business in the United Kingdom. It is exempt from audit under section 479A Companies Act 2006.

Betterbuild Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	51.00

Betterbuild Limited (04027875) is incorporated and a dormant business in the United Kingdom. It is exempt from audit under section 479A Companies Act 2006.

Warmup GmbH

Registered office: Germany

Nature of business: Sale of underfloor heating products

	%
Class of shares:	holding
Ordinary	100.00

Warmup Scandinavia AB

Registered office: Sweden

Nature of business: Sale of underfloor heating products

	%
Class of shares:	holding
Ordinary	95.68

12. STOCKS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Raw materials	248	206	205	168
Work-in-progress	148	326	93	236
Finished goods	<u>5,561</u>	<u>4,617</u>	<u>1,985</u>	<u>2,035</u>
	<u>5,957</u>	<u>5,149</u>	<u>2,283</u>	<u>2,439</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

13. **DEBTORS**

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	4,038	4,138	2,251	2,806
Other debtors	285	465	285	332
Prepayments	306	293	237	269
	<u>4,629</u>	<u>4,896</u>	<u>2,773</u>	<u>3,407</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	4,030	4,229
Aggregate amounts	<u>4,629</u>	<u>4,896</u>	<u>6,803</u>	<u>7,636</u>

Group

The value of debtors factored and subject to a fixed charge are £1,899,057 (2021:£2,358,614).

Company

The value of debtors factored and subject to a fixed charge are £1,899,057 (2021:£2,358,614).

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	742	966	742	966
Trade creditors	1,242	1,530	756	1,138
Tax	37	429	(153)	374
PAYE	156	156	144	135
VAT	278	174	274	235
Other creditors	48	62	40	43
Accrued expenses	2,122	2,167	1,130	1,360
	<u>4,625</u>	<u>5,484</u>	<u>2,933</u>	<u>4,251</u>

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2022	2021
	£'000	£'000
Other creditors	<u>5</u>	<u>1</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

16. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank borrowings	<u>742</u>	<u>966</u>	<u>742</u>	<u>966</u>

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2022	2021
	£'000	£'000
Within one year	34	137
Between one and five years	899	926
In more than five years	<u>2,204</u>	<u>-</u>
	<u>3,137</u>	<u>1,063</u>

Company

	Non-cancellable operating leases	
	2022	2021
	£'000	£'000
Within one year	20	124
Between one and five years	883	926
In more than five years	<u>2,204</u>	<u>-</u>
	<u>3,107</u>	<u>1,050</u>

18. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans	<u>742</u>	<u>966</u>	<u>742</u>	<u>966</u>

The bank loan is secured on a fixed and floating charge over all the present freehold and leasehold property of the parent company.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

19. PROVISIONS FOR LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Deferred tax	<u>125</u>	<u>51</u>	<u>125</u>	<u>51</u>
Group				
				Deferred tax
				£'000
Balance at 1st January 2022				51
Accelerated capital allowances				74
Balance at 31st December 2022				<u>125</u>
Company				
				Deferred tax
				£'000
Balance at 1st January 2022				51
Accelerated capital allowances				74
Balance at 31st December 2022				<u>125</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£'000	£'000
440,256	Ordinary	£1	<u>440</u>	<u>440</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

20. CALLED UP SHARE CAPITAL - continued

The company has the following number of ordinary shares issuable under share options:

Enterprise Management Incentive Options

Date of Grant	Number of Ordinary Shares Under Option	Exercise Price	Exercise Period
16/12/2013	1,005	8.50	01/01/2015 to 15/12/2023
16/12/2013	495	8.50	01/01/2016 to 15/12/2023

Unapproved share options

Date of Grant	Number of Ordinary Shares Under Option	Exercise Price	Exercise Period
02/07/2013	30,000	8.50	01/01/2015 to 01/07/2023

21. RESERVES

Group

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Totals £'000
At 1st January 2022	6,543	3,030	43	(461)	9,155
Profit for the year	864				864
Foreign exchange differences transferred to reserves	413	-	-	-	413
At 31st December 2022	<u>7,820</u>	<u>3,030</u>	<u>43</u>	<u>(461)</u>	<u>10,432</u>

Company

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Totals £'000
At 1st January 2022	6,092	3,030	43	(461)	8,704
Profit for the year	139				139
Foreign exchange differences transferred to reserves	75	-	-	-	75
At 31st December 2022	<u>6,306</u>	<u>3,030</u>	<u>43</u>	<u>(461)</u>	<u>8,918</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2022

22. **NON-CONTROLLING INTERESTS**

The company owns 51% of the share capital of both Warmup Elektrikli Yerden Isıtma Sistemleri Sanayi Ve Ticaret and Betterbuild Limited.

The company also owns 95.68% (2021: 58.1%) of Warmup Scandinavia.

These have been consolidated as part of these financial statements with the minority interest shown in both the consolidated income statement and balance sheet.

23. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is A.D. Stimpson.

At the balance sheet date Mr A D Stimpson had a controlling interest of 55.45% of the company's issued share capital (2021: 55.45%).

24. **SHARE-BASED PAYMENT TRANSACTIONS**

The group operates the following equity settled schemes 2003 Discretionary Share Option Scheme, Enterprise Management Incentive Share Option Scheme, Unapproved Share Option Scheme.

The company also operates a phantom share option scheme for which no share options are issued, this is a cash-settled scheme.

Options are granted to employees, senior employees and directors at the market price of the Company's ordinary shares.

The options vest from 1 to 3 years following grant date. Options will not vest unless the employee remains in the service of the Company, and that the relevant performance criteria where applicable are met. The options are exercisable until up to the 10th anniversary from the date of grant.

Reconciliations of the number and weighted average exercise price by option scheme are presented below.

Share Option Type	Date of Grant	Number of Shares	
Enterprise Management Incentive	16/12/2013	1,500	
Unapproved Share Options	02/07/2013	30,000	

	EMIScheme	Unapproved Scheme	Weighted average exercise price
Number of shares			
At 1 January 2022	1,500	30,000	£8.50
Granted	-	-	-
Exercised in the year	-	-	£8.50
Lapsed in the year	-	-	£8.50
Outstanding as at 31 December 2022	1,500	30,000	£8.50
Exercisable as at 31 December 2022	1,500	30,000	£8.50

The total charge included in the profit & loss for the current financial year is £Nil (2021: -£47,476)

The total figure included in reserves as at 31 December 2022 is £211,706 (2021: £211,706)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.