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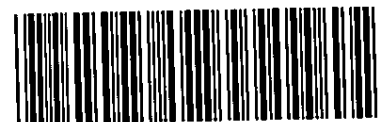
Company Registration No. 3453820 (England and Wales)

LOCHINVAR LIMITED  
ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

REGISTRAR'S COPY:  
Please return to W.M. Edgar & Co.

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COMPANIES HOUSE

LOCHINVAR LIMITED

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# LOCHINVAR LIMITED

## DIRECTORS' REPORT *FOR THE YEAR ENDED 31 DECEMBER 2008*

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The directors present their report and accounts for the year ended 31 December 2008.

### Principal activities

The principal activity of the company continues to be that of supplying equipment to the heating industry in the UK and Ireland.

### Review of business

Overall 2008 was another year of strong growth. We continued to strengthen our position as one of two main Direct fired Water Heater suppliers and continued to grow share with Commercial Boiler business. Much of the growth was achieved from recently launched products such as EcoKnight and Turbo Charger and also Solar packages.

The last quarter of 2008 saw a sharp decline in sales when compared to the first 9 months of the year. This was almost certainly reflective of market conditions, with new Commercial building construction slowing down considerably.

Our good profile in the Industry was further strengthened during the year when David Pepper became President of our main trade association - ICOM.

The company made a pre-tax profit of £222,327 (2007 - £582,820) for the year.

At 31 December 2008 the company had net assets of £3,156,040 (2007 - £3,007,198).

Risks to the business are essentially legislation driven, and the potential European Energy Using Products (EuP) Directive is likely to provide a major challenge to all companies within our sector. The emerging use of Renewable technologies is a core part of the EuP proposals and our early involvement with Solar should prove to be crucially important to future success. The EuP proposals also suggest that Manufacturers are to be responsible for total system efficiency, therefore the 'partnership' arrangement we have with Rayotec may need to be rolled out to include other compatible equipment manufacturers.

The company purchases goods in US dollars and Euros and is therefore exposed to movement in the Euro to Sterling and US Dollar to Sterling exchanges. The company takes out contracts to manage this risk.

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

### Directors

The directors who served during the year were:

W.L. Vallett  
T.A. Vallett  
J.W. Vallett  
D J Pepper

### Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

# LOCHINVAR LIMITED

## DIRECTORS' REPORT

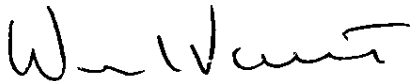
*FOR THE YEAR ENDED 31 DECEMBER 2008*

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### Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members.

On behalf of the Board



W.L. Vallett

Director

Dated: 19.05.09

# LOCHINVAR LIMITED

## AUDITORS' REPORT

### UNDER SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated accounts on pages 4 to 12, together with the audited accounts of the company for the year ended 31 December 2008 prepared under section 226 of the Companies Act 1985.

#### Respective responsibilities of directors and auditors

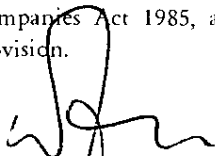
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

#### Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the audited accounts.

#### Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 12 are properly prepared in accordance with that provision.



H W Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

United Kingdom

NW1 3ER

Dated: 26 May 2009

# LOCHINVAR LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Gross profit		2,849,432	2,772,980
Administrative expenses		(2,652,045)	(2,212,778)
Operating profit	2	197,387	560,202
Other income	5	26,000	24,407
Interest payable and similar charges	6	(1,060)	(1,789)
Profit on ordinary activities before taxation		222,327	582,820
Tax on profit on ordinary activities	7	(73,485)	(194,534)
Profit on ordinary activities after taxation		148,842	388,286
Retained profit brought forward		2,607,196	2,218,910
Retained profit carried forward		2,756,038	2,607,196

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

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

# LOCHINVAR LIMITED

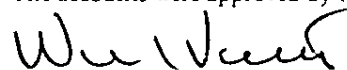
## BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	8	233,999	260,000
Tangible assets	9	267,167	214,352
		<u>501,166</u>	<u>474,352</u>
<b>Current assets</b>			
Stocks	10	1,666,799	1,357,265
Debtors	11	1,333,809	1,252,405
Cash at bank and in hand		1,024,573	1,176,066
		<u>4,025,181</u>	<u>3,785,736</u>
Creditors: amounts falling due within one year	12	(1,340,524)	(1,233,890)
<b>Net current assets</b>		<u>2,684,657</u>	<u>2,551,846</u>
<b>Total assets less current liabilities</b>		<u>3,185,823</u>	<u>3,026,198</u>
Creditors: amounts falling due after more than one year	13	(13,059)	-
Provisions for liabilities and charges	14	(16,724)	(19,000)
		<u>3,156,040</u>	<u>3,007,198</u>
<b>Capital and Reserves</b>			
Called up share capital	17	400,002	400,002
Profit and loss account		2,756,038	2,607,196
<b>Shareholders' funds - all equity interests</b>	18	<u>3,156,040</u>	<u>3,007,198</u>

In preparing these abbreviated accounts we have relied on the exemptions contained in 246 and 247 of the Companies Act 1985 on the basis that the company is entitled to the benefit of those exemptions as a medium-sized company.

The accounts were approved by the Board on 19.05.09



W.L. Vallett  
Director

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

#### 1.3 Goodwill

Acquired goodwill is amortised over a period of 20 years.

#### 1.4 Tangible fixed assets and depreciation

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

Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

#### 1.5 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

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

#### 1.6 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

#### 1.7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 1.8 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

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

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

2	Operating profit	2008	2007
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible fixed assets	26,001	26,000
	Depreciation of owned tangible fixed assets	77,350	51,965
	Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	4,494	5,490
	Operating lease rentals		
	- Plant and machinery	55,557	62,370
	- Land and buildings	112,885	112,885
	Auditors' remuneration	11,500	10,980

3	Directors' emoluments	2008	2007
		£	£
	Aggregate emoluments	116,145	117,518
	Company contributions to defined contribution pension schemes	5,981	6,976
		122,126	124,494

Retirement benefits are accruing to 1 (2007- 1) directors under defined contribution schemes.

### 4 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2008	2007
	Number	Number
Selling and administration	40	34

#### Employment costs

	£	£
Wages and salaries	1,235,139	1,106,589
Social security costs	132,204	122,681
Other pension costs	24,019	27,847
	1,391,362	1,257,117

5	Other income	2008	2007
		£	£
	Interest receivable and similar income	26,000	24,407

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

6	Interest payable and similar charges		2008 £	2007 £
	Interest payable on:			
	Finance lease and hire purchase contracts		1,060	1,789
7	Tax on profit on ordinary activities	2008 £	2008 £	2007 £
	Current tax			
	<u>UK corporation tax</u>			
	Current tax on income for the period	75,761	194,534	
			75,761	194,534
	Deferred tax			
	Origination and reversal of timing differences	(2,276)	-	
			(2,276)	-
			73,485	194,534
	Factors affecting the tax charge for the year			
	Profit on ordinary activities before taxation		222,327	582,820
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.50% (2007: 30.00%)		63,363	174,846
	Effects of:			
	Expenses not deductible for tax purposes		21,543	13,584
	Capital allowances for period in excess of depreciation		(366)	8,500
	Directors' and participators' remuneration		(8,779)	(2,396)
	Current tax charge		75,761	194,534

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2008 and at 31 December 2008	520,000
Amortisation	
At 1 January 2008	260,000
Charge for year	26,001
At 31 December 2008	286,001
Net book value	
At 31 December 2008	233,999
At 31 December 2007	260,000

### 9 Tangible fixed assets

	Computer equipment £	Leasehold improve - ments £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2008	108,994	124,113	20,353	103,918	193,778	551,156
Additions	23,861	-	18,982	-	92,993	135,836
Disposals	-	-	-	-	(5,169)	(5,169)
At 31 December 2008	132,855	124,113	39,335	103,918	281,602	681,823
Depreciation						
At 1 January 2008	78,548	68,802	13,728	79,052	96,674	336,804
On disposals	-	-	-	-	(3,992)	(3,992)
Charge for the year	20,580	8,630	2,089	7,097	43,448	81,844
At 31 December 2008	99,128	77,432	15,817	86,149	136,130	414,656
Net book value						
At 31 December 2008	33,727	46,681	23,518	17,769	145,472	267,167
At 31 December 2007	30,446	55,311	6,625	24,866	97,104	214,352

#### Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £30,057 (2007 - £16,469) in respect of assets held under finance leases or hire purchase contracts.

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

<b>10</b>	<b>Stocks</b>	<b>2008</b>	<b>2007</b>
		£	£
	Finished goods and goods for resale	<u>1,666,799</u>	<u>1,357,265</u>
<b>11</b>	<b>Debtors</b>	<b>2008</b>	<b>2007</b>
		£	£
	Trade debtors	1,236,511	1,191,401
	Other debtors	-	881
	Prepayments and accrued income	<u>97,298</u>	<u>60,123</u>
		<u>1,333,809</u>	<u>1,252,405</u>
<b>12</b>	<b>Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
		£	£
	Net obligations under finance lease and hire purchase contracts	4,420	6,566
	Trade creditors	586,996	461,842
	Corporation tax	75,761	194,534
	Other taxes and social security costs	115,532	154,005
	Other creditors	2,208	1,758
	Accruals and deferred income	<u>555,607</u>	<u>415,185</u>
		<u>1,340,524</u>	<u>1,233,890</u>
<b>13</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2008</b>	<b>2007</b>
		£	£
	Net obligations under finance leases and hire purchase contracts	<u>13,059</u>	<u>-</u>
	Net obligations under finance leases and hire purchase contracts		
	Repayable within one year	-	7,488
	Repayable between one and five years	<u>21,430</u>	<u>-</u>
		21,430	7,488
	Finance charges and interest allocated to future accounting periods	<u>(3,951)</u>	<u>(922)</u>
		17,479	6,566
	Included in liabilities falling due within one year	<u>(4,420)</u>	<u>(6,566)</u>
		<u>13,059</u>	<u>-</u>

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 14 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 2008	19,000
Profit and loss account	(2,276)
<b>Balance at 31 December 2008</b>	<b>16,724</b>

Deferred tax is provided at 29% (2007- 30%) analysed over the following timing differences:

	2008 £	2007 £
Accelerated capital allowances	16,724	19,000

### 15 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

### 16 Forward foreign exchange contracts

It is company policy to hedge its foreign exchange risk by taking out forward foreign exchange contracts. The fair value of forward foreign exchange contracts, being the market price at the balance sheet date, is £730,181 (2007: £1,783,024). At 31 December 2008 there were £204,166 of unrecognised net gain (2007: £4,072 loss) on forward foreign exchange contracts.

### 17 Share capital

	2008 £	2007 £
<b>Authorised</b>		
400,002 Ordinary shares of £1 each	400,002	400,002
<b>Allotted, called up and fully paid</b>		
400,002 Ordinary shares of £1 each	400,002	400,002

### 18 Reconciliation of movements in shareholders' funds

	£	£
Profit for the financial year	148,842	388,286
Opening shareholders' funds	3,007,198	2,618,912
<b>Closing shareholders' funds</b>	<b>3,156,040</b>	<b>3,007,198</b>

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS *FOR THE YEAR ENDED 31 DECEMBER 2008*

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### 19 Related party transactions

Included in trade creditors is an amount owed to the Lochinvar Corporation of £94,250 (2007: £334,130) a company which is controlled by W.L. Vallett, T.A. Vallett and J.W. Vallett. Lochinvar Ltd purchased goods with a value of £1,987,092 (2007: £2,097,018) from Lochinvar Corporation during the year. The company also received commission from Lochinvar Corporation amounting to £10,687.

### 20 Controlling parties

The ultimate controlling parties are W.L. Vallett, T.A. Vallett and J.W. Vallett.