

Heating Finance Limited

Annual report and financial statements
for the year ended 31 December 2017

Registered number: 05014835



Heating Finance Limited

Annual report and financial statements for the year ended 31 December 2017

| | Page |
|--|------|
| Directors' report for the year ended 31 December 2017 | 1 |
| Independent auditor's report to the members of Heating Finance Limited | 3 |
| Profit and loss account for the year ended 31 December 2017 | 6 |
| Balance sheet as at 31 December 2017 | 7 |
| Statement of changes in equity for the year ended 31 December 2017 | 8 |
| Notes to the financial statements for the year ended 31 December 2017 | 9 |

Heating Finance Limited

Directors' report for the year ended 31 December 2017

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2017.

Company registered number

The company's registered number is 05014835.

Principal activities and review of business

The company acts as a group financing company. The company's profit for the financial year is £1,584,000 (2016: £3,663,000) and is as set out in the profit and loss account on page 6. The profit for year is lower than the prior year due to fluctuations in foreign currency rates.

Future developments

The company will continue to act as a group financing company.

Going concern

The Directors have considered the business activities and forecasts for the company. No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the Directors. Therefore the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Dividends

No dividend was paid or proposed in respect of the current or prior year.

Directors

The directors who held office during the year and up to the date of this report were as follows:

H N Schwein

S Oliver

J R H M Van Banning (resigned 1 January 2017)

Directors' indemnities

The Company purchased and maintained throughout the financial year and up to the date of this report Directors' and Officers' liability insurance in respect of itself and its Directors.

Heating Finance Limited

Directors' report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to be reappointed for another term. Appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the board of directors and signed on its behalf by:



S Oliver
Director

18 April 2018

Heating Finance Limited
Registered number: 05014835

Independent auditor's report to the members of Heating Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion, Heating Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditor's report to the members of Heating Finance Limited (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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 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 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 an auditors' report 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Independent auditor's report to the members of Heating Finance Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

18 April 2018

Heating Finance Limited

Profit and loss account for the year ended 31 December 2017

| | | 2017 | 2016 |
|--|------|-----------------|----------|
| | Note | £'000 | £'000 |
| Administrative expenses | | - | (7) |
| Operating loss | | - | (7) |
| Interest receivable and similar income | 5 | 29,880 | 31,550 |
| Interest payable and similar expenses | 6 | (27,918) | (26,964) |
| Profit before tax | | 1,962 | 4,579 |
| Tax on profit | 7 | (378) | (916) |
| Profit for the financial year | | 1,584 | 3,663 |

All amounts relate to continuing operations.

The company has no recognised gains or losses, other than the profit for the financial years, and therefore no separate statement of comprehensive income has been presented.

Heating Finance Limited

Balance sheet as at 31 December 2017

| | | 2017 | 2016 |
|--|------|-------------|-------------|
| | Note | £'000 | £'000 |
| Current assets | | | |
| Debtors | 8 | 1,723,774 | 1,701,069 |
| Cash at bank and in hand | | 3,983 | - |
| Creditors: amounts falling due within one year | 9 | (91,997) | (105,657) |
| Net current assets | | 1,635,760 | 1,595,412 |
| Total assets less current liabilities | | 1,635,760 | 1,595,412 |
| Creditors: amounts falling due after more than one year | 10 | (1,626,122) | (1,587,358) |
| Net assets | | 9,638 | 8,054 |
| Capital and reserves | | | |
| Called-up share capital | 11 | - | - |
| Retained earnings | | 9,638 | 8,054 |
| Total equity | | 9,638 | 8,054 |

The notes on pages 9 to 14 are an integral part of these financial statements.

The financial statements on pages 6 to 14, were approved for issue by the Board of Directors on 18 April 2018. They were signed on its behalf by:



S Oliver
Director

Heating Finance Limited
Registered number 05014835

Heating Finance Limited

Statement of changes in equity for the year ended 31 December 2017

| | Called-up share capital | Retained earnings | Total equity |
|--|-------------------------------|----------------------|--------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 January 2016 | - | 4,391 | 4,391 |
| Profit for the financial year | - | 3,663 | 3,663 |
| Total comprehensive income for the year | - | 3,663 | 3,663 |
| At 31 December 2016 | - | 8,054 | 8,054 |
| Balance at 1 January 2017 | - | 8,054 | 8,054 |
| Profit for the financial year | - | 1,584 | 1,584 |
| Total comprehensive income for the year | - | 1,584 | 1,584 |
| At 31 December 2017 | - | 9,638 | 9,638 |

Heating Finance Limited

Notes to the financial statements for the year ended 31 December 2017

1 General information

Heating Finance Limited is a private company, limited by shares and is incorporated in England under the Companies Act. The address of the registered office is Brooks House, Coventry Road, Warwick, CV34 4LL. The nature of the company's operations and its principal activities are set out in the Directors report on page 1.

2 Statement of compliance

The financial statements of Heating Finance Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102. "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council and the Companies Act 2006.

Going concern

The Directors have considered the business activities and forecasts for the company. No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the Directors. Therefore the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12, from preparing a statement of cash flows, some financial instrument disclosures and the non-disclosure of key management personnel compensation on the basis that it is a qualifying entity. The company has also taken advantage of its exemption in FRS 102, with respect of related party transactions with companies that fall within a 100% owned group.

Consolidated financial statements

At 31 December 2017, the company is a wholly owned subsidiary of Remeha Group BV, registered office Kanaal Zuid 106, 7332 BD Apeldoorn. The company is included in the consolidated financial statements of Remeha Group BV, which are publicly available. Copies of the Remeha Group B.V. consolidated financial statements are available via the website www.kvk.nl of the Chamber of Commerce in The Netherlands. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

Heating Finance Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

Functional currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions. The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Foreign currencies

Assets and liabilities denominated in overseas currencies are translated into sterling at the rate ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account. Exchange differences arising in respect of revenue transactions are taken to the profit and loss account in the year in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial liabilities, including bank loans and loans from fellow Group companies are classified as debt and are recognised at transaction price, unless the transaction constitutes a financing transaction.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Heating Finance Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

4 Supplementary profit and loss information

None of the directors received any emoluments for their services to the company during the year (2016: £nil).

There were no employees during the year (2016: none).

Audit fees were approximately £1,000 (2016: £1,000) and the fees were borne by a fellow group company in both the current and prior year.

There have been no non-audit services provided to the Company by its auditors during the current year (2016: £3,000).

5 Interest receivable and similar income

| | 2017 | 2016 |
|---------------------------|--------|--------|
| | £'000 | £'000 |
| Group interest receivable | 28,540 | 27,575 |
| Foreign currency gain | 1,340 | 3,975 |
| | 29,880 | 31,550 |

6 Interest payable and similar expenses

| | 2017 | 2016 |
|---------------------------|--------|--------|
| | £'000 | £'000 |
| Group interest payable | 26,312 | 25,106 |
| Bank loans and overdrafts | 1,606 | 1,858 |
| | 27,918 | 26,964 |

Heating Finance Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

7 Tax on profit

| | 2017 | 2016 |
|--|------------|------------|
| | £'000 | £'000 |
| Current tax | | |
| UK corporation tax on profit at 19.25% (2016: 20%) | 378 | 916 |
| Tax charge on profit | 378 | 916 |

The tax charge for the year consists solely of group relief payable and is equal to (2016: equal to) the standard rate of corporation tax in the UK of 19.25% (2016: 20%) as stated below:

| | 2017 | 2016 |
|---|-------|-------|
| | £'000 | £'000 |
| Profit before tax | 1,962 | 4,579 |
| Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%) | 378 | 916 |
| Tax charge for the year | 3,78 | 916 |

Factors affecting current and future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016 on 6 September 2016. This includes a reduction to the main rate to 17% from 1 April 2020.

8 Debtors

| | 2017 | 2016 |
|------------------------------------|-----------|-----------|
| | £'000 | £'000 |
| Amounts owed by group undertakings | 1,723,774 | 1,701,069 |

Amounts owed by group undertakings totalling £1,711,921,000 are unsecured, are repayable in over five years and interest is receivable at a rate of 0.9% to 1.3% above LIBOR.

Amounts owed by group undertakings totalling £11,853,000 are unsecured, are repayable in over five years and interest is receivable at a rate of 6%.

Heating Finance Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

9 Creditors: amounts falling due within one year

| | 2017 | 2016 |
|------------------------------|--------|---------|
| | £'000 | £'000 |
| Bank loans and overdrafts | 91,853 | 105,503 |
| Accruals and deferred income | 144 | 154 |
| | 91,997 | 105,657 |

Bank loans are drawings on a group €700m facility and are due for repayment within one year and attract interest at between 0.9% and 1.3% above LIBOR dependant on leverage of the group.

10 Creditors: amounts falling due after more than one year

| | 2017 | 2016 |
|------------------------------------|-----------|-----------|
| | £'000 | £'000 |
| Amounts owed to group undertakings | 1,626,122 | 1,587,358 |

Amounts owed to group undertakings are unsecured and are repayable in over five years. Interest is payable on group loans at a rate of 1.3% above LIBOR.

11 Share capital

| | 2017 | 2016 |
|--|------|------|
| | £ | £ |
| Allotted and fully paid | | |
| 2 (2016: 2) ordinary shares of £1 each | 2 | 2 |

12 Contingent liabilities

The company is a guarantor of loans provided by various bankers to BDR Thermea Group BV, a group company. At 31 December 2017, the contingent liability was £266.1 million (2016: £300.3 million), being the net amount drawn down under the facility.

Heating Finance Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

13 Ultimate parent company and controlling party

At 31 December 2017, the company is a wholly owned subsidiary of Baxi Holdings Limited, a company incorporated in England.

The company's ultimate parent company is Remeha Group BV, a company incorporated in the Netherlands, which is the largest and smallest group to consolidate these financial statements. The ultimate controlling party is Stichting Aandelen Remeha Foundation, a Dutch Foundation.

Copies of the Remeha Group B.V. consolidated financial statements are available via the website www.kvk.nl of the Chamber of Commerce in The Netherlands.