

Company Registration No. 00882439 (England and Wales)

Alpha Therm Limited

**Annual report and financial statements
for the year ended 31 December 2015**



Alpha Therm Limited

Company information

Directors	Alfredo Amadei Massimo Maini Pietro Alberici Andrea Carmeli Joelle Timperley
Company number	00882439
Registered office	Nepicar House London Road Wrotham Heath Sevenoaks Kent TN15 7RS
Independent auditors	Saffery Champness 71 Queen Victoria Street London United Kingdom EC4V 4BE
Bankers	HSBC Bank plc 184 High Street Bromley Kent BR1 1HE Barclays Bank plc PO Box 299 Birmingham B1 3PF

Alpha Therm Limited

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Alpha Therm Limited

Strategic report

For the year ended 31 December 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Review of the business

The market of domestic heating appliances, after the sharp reduction of the Eco government funded scheme, is now showing signs of decline. 2015 has also been heavily influenced by the introduction of the ErP directive, which has imposed to all manufacturers the replacement or upgrade of their product offering.

Under this scenario, the company has successfully introduced a new range of boilers which has contributed to a 3.5% sales increase in a declining market. Our position with the main national and regional distributors is getting stronger and we believe that this trend will be replicated in the following year. As part of our long term strategy we are also investing into marketing and supporting service activities, especially towards new market segments like the commercial sector.

Other interesting areas of development for the near future are also coming from the new accessories for domestic and commercial boilers that have been introduced and from the development of the after sales department.

Principal risks and uncertainties

On assessing the key risk areas of the company, market competition remains an area under constant scrutiny. However, we are also working closely with our parent company in order to develop new products that are keeping the company aligned with increased customers' expectation and with any change in the requirements of the legislation.

Besides market competition, the main concern is the possible weakening of the Sterling. In 2014 it reached its highest levels of the last few years and the uncertainty posed by the Brexit referendum could put the currency under high pressure.

Another area of potential risk is the reliability of products. We deem this risk very low, considering the extensive R&D facilities of our parent company and the length of the field tests that they adopt before launching new products into the market.

We also consider the impact of the buying price of the products quite limited in terms of effect to the company's profit, since the appliances that we distribute are primarily sourced from our parent company.

After reviewing the company's operating budget, financing arrangements and possible financial risks, the directors consider that the company has adequate financial resources to continue in operation for at least 12 months from the date of approval of these financial statements and indeed for the foreseeable future. With this in mind the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Alpha Therm Limited

Strategic report (continued)
For the year ended 31 December 2015

Key performance indicators

The directors consider the following key performance indicators when assessing the performance of the company:


Turnover: turnover has remained consistent during the year totalling £25,450k (2014: £25,402k).

Operating Profit: the operating profit for 2015 has risen by £239k in the year to £1,312k (2014: £1,073k)

Profit after tax: profits after tax have increased in the year to £1,007k (2014: £775k).

We monitor on a regular basis every profit centre across the business in terms of sales and volumes and associated margins ensuring that we maximise efficiencies in our operations, examples include, staffing, accessory products, spare parts, returns etc. We do not wish to elaborate any further into detail due to commercial sensitivity.

On behalf of the board



Andrea Carmeli

Director

29/03/2016

Alpha Therm Limited

Directors' report

For the year ended 31 December 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the company continued to be that of a supplier and service provider of domestic and light commercial central heating & hot water systems.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Alfredo Amadei
Massimo Maini
Pietro Alberici
Andrea Carmeli
Joelle Timperley

Results and dividends

The results for the year are set out on page 7.

Future developments

The company will continue to introduce new innovative products into the market to enhance our core business of gas boilers, and we will begin to improve our intelligence on market trends enabling us to react quickly to demand changes mainly brought about by Government legislation.

The directors believe that the continued innovation of total heating solutions puts Alpha in a very strong position for the next year and beyond. The demand from consumers and businesses alike on energy saving gives Alpha a distinct advantage to its current customers and potential users and the development and sale of such products will continue to reduce the company's impact on the environment as it goes forward.

The company continually monitors impending legislative changes and the trends of the market to ensure that its development plans consider the likely impact of those changes if and when they arise.

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

Alpha Therm Limited

Directors' report (continued)

For the year ended 31 December 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

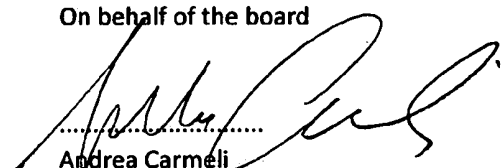
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The 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. They 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 to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


.....
Andrea Carmeli
Director
29/03/2016
.....

Alpha Therm Limited

Independent auditors' report

To the members of Alpha Therm Limited

We have audited the financial statements of Alpha Therm Limited for the year ended 31 December 2015 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

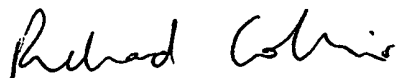
Alpha Therm Limited

Independent auditors' report (continued)
To the members of Alpha Therm Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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.



Richard Collis (Senior Statutory Auditor)
for and on behalf of Saffery Champness

Chartered Accountants
Statutory Auditors

31/03/2016

71 Queen Victoria Street
London
United Kingdom
EC4V 4BE

Alpha Therm Limited**Profit and loss account****For the year ended 31 December 2015**

		2015	2014
	Notes	£ '000	£ '000
Turnover	3	25,450	25,402
Cost of sales		(19,390)	(19,349)
Gross profit		6,060	6,053
Distribution costs		(479)	(449)
Administrative expenses		(4,330)	(4,589)
Other operating income		61	58
Operating profit	4	1,312	1,073
Interest payable and similar charges	7	-	(1)
Profit before taxation		1,312	1,072
Taxation	8	(305)	(297)
Profit for the financial year	18	1,007	775
Total comprehensive income for the year		1,007	775

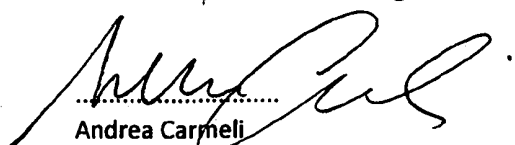
The profit and loss account has been prepared on the basis that all operations are continuing operations.

Alpha Therm Limited

**Balance sheet
As at 31 December 2015**

	Notes	£ '000	2015 £ '000	2014 £ '000
Fixed assets				
Tangible assets	10		195	138
Current assets				
Stocks	12	1,565		1,877
Debtors	13	7,133		6,319
Cash at bank and in hand		1,580		2,531
		<u>10,278</u>		<u>10,727</u>
Creditors: amounts falling due within one year	14	<u>(7,605)</u>		<u>(7,854)</u>
Net current assets			2,673	2,873
Total assets less current liabilities			2,868	3,011
Provisions for liabilities	15		<u>(2,378)</u>	<u>(2,653)</u>
Net assets			<u>490</u>	<u>358</u>
Capital and reserves				
Called up share capital			-	-
Profit and loss reserves	18		490	358
Total equity			<u>490</u>	<u>358</u>

The financial statements were approved by the board of directors and authorised for issue on 29/03/2016 and are signed on its behalf by:



 Andrea Carmeli
 Director

Company Registration No. 00882439

Alpha Therm Limited**Statement of changes in equity****For the year ended 31 December 2015**

	Notes	Profit and loss reserves £ '000
Balance at 1 January 2014		183
<hr/>		
Year ended 31 December 2014:		
Profit and total comprehensive income for the year		775
Dividends	9	(600)
<hr/>		
Balance at 31 December 2014		358
<hr/>		
Year ended 31 December 2015:		
Profit and total comprehensive income for the year		1,007
Dividends	9	(875)
<hr/>		
Balance at 31 December 2015		490
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Alpha Therm Limited

Statement of cash flows
For the year ended 31 December 2015

	Notes	£ '000	2015 £ '000	£ '000	2014 £ '000
Cash flows from operating activities					
Cash generated from operations	22		78		772
Interest paid			-		(1)
Income taxes paid			(301)		(318)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(223)		453
Investing activities					
Purchase of tangible fixed assets		(128)		(118)	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(128)		(118)
Financing activities					
Dividends paid		(600)		(1,000)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(600)		(1,000)
			<u> </u>		<u> </u>
Net decrease in cash and cash equivalents			(951)		(665)
			<u> </u>		<u> </u>
Cash and cash equivalents at beginning of year			2,531		3,196
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>1,580</u>		<u>2,531</u>

Alpha Therm Limited

Notes to the financial statements

For the year ended 31 December 2015

1 Accounting policies

Company information

Alpha Therm Limited is a limited company incorporated in England and Wales. The registered office is Nepicar House, London Road, Wrotham Heath, Sevenoaks, Kent, TN15 7RS.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ '000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of Alpha Therm Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The company is heavily reliant on its parent company, Immerfin, in particular for the supply of stock. Alpha Therm Limited is a key component of Immerfin's overseas operations and the directors expect their support to continue for the foreseeable future.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1 Accounting policies (continued)

1.4 Intangible fixed assets other than goodwill

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	10-33% per anum
Software	10-25% per anum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1 Accounting policies (continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other debtors are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for current debtors when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as creditors falling due in more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Provisions for expected warranty claims are charged against profits when products have been invoiced. Warranty periods vary according to the product but for the majority are no longer than 5 years.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Warranty

The company provides warranty coverage on products for a varying number of years. Estimated warranty costs are accounted for by accruing costs for each product upon recognition of the sale. The estimated warranty costs are based on historical product performance and field expenses. Based upon historical service records, the average service hours charged and parts per product are used to determine the estimated warranty charge.

On an annual basis, the Company assesses, and updates if necessary, its accounting estimates used to calculate the standard warranty provision based on recent historical warranty expenses and expected future warranty expenses. The actual product performance and/or field expense profiles may differ, and in such cases warranty reserves are adjusted accordingly. Future warranty expenses may exceed estimates, which could lead to an increase in cost of sales.

In 2015, the warranty rate was reassessed, resulting in a change to previous accounting estimates. This rate reduction was required in light of improved product reliability and better fault diagnosis.

Stock provisions

Management reviews the inventory balances to determine if inventories can be sold at amounts greater than or equal to their carrying amounts plus costs to sell. The review is broken down into product groups to allow clearer identification of slow moving inventories, obsolete inventories and partially or fully damaged inventories. The identification process includes historical performance of the inventory along with current operational plans. Damaged stock is written off or provided for depending on the extent of damage. Management makes an allowance for any items considered to be obsolete. The allowance represents the difference between the cost of inventory and its estimated net realisable value.

Stock held by Service Engineers is counted and reviewed at least once per year, with any necessary adjustments being performed at the count.

Alpha Therm Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**2 Critical accounting judgements and key sources of estimation uncertainty (continued)****Debtors**

The provision for impairment of receivables requires that management closely review the outstanding trade receivables, also considering ageing, payment history and credit risk coverage. An assessment is made on an individual basis with each customer's balance being reviewed closely.

3 Turnover and other revenue**Turnover analysed by geographical market**

	2015 £ '000	2014 £ '000
United Kingdom	25,310	25,258
Europe (other than The United Kingdom)	140	144
	<u>25,450</u>	<u>25,402</u>

4 Operating profit

	2015 £ '000	2014 £ '000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	8	8
Research and development costs	18	23
Fees payable to the company's auditors for the audit of the company's financial statements	26	26
Depreciation of owned tangible fixed assets	71	39
Operating lease charges	553	608
	<u>676</u>	<u>704</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Administrative staff	46	45
Sales staff	15	15
	<u>61</u>	<u>60</u>

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Notes to the financial statements (continued)
For the year ended 31 December 2015

5 Employees (continued)

Their aggregate remuneration comprised:

	2015 £ '000	2014 £ '000
Wages and salaries	2,158	2,190
Social security costs	248	254
Pension costs	101	73
	<u>2,507</u>	<u>2,517</u>

6 Directors' remuneration

	2015 £ '000	2014 £ '000
Remuneration for qualifying services	149	208
Amounts receivable under long term incentive schemes	-	10
Company pension contributions to defined contribution schemes	2	10
	<u>151</u>	<u>238</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2014 - 1).

7 Interest payable and similar charges

	2015 £ '000	2014 £ '000
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	-	1
	<u>-</u>	<u>1</u>

8 Taxation

	2015 £ '000	2014 £ '000
Current tax		
UK corporation tax on profits for the current period	292	276
Adjustments in respect of prior periods	-	(1)
Total current tax	<u>292</u>	<u>275</u>

Alpha Therm Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**8 Taxation (continued)**

Deferred tax		
Origination and reversal of timing differences	13	22
	<u> </u>	<u> </u>
Total tax charge	305	297
	<u> </u>	<u> </u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015	2014
	£ '000	£ '000
Profit before taxation	1,312	1,072
	<u> </u>	<u> </u>
Expected tax charge based on a corporation tax rate of 20.25% (2014 - 21.49%)	266	230
Tax effect of expenses that are not deductible in determining taxable profit	40	66
Adjustments in respect of prior years	-	(1)
Other tax adjustments	(1)	2
	<u> </u>	<u> </u>
Tax expense for the year	305	297
	<u> </u>	<u> </u>

9 Dividends

	2015	2014
	£ '000	£ '000
Final payable	875	600
	<u> </u>	<u> </u>
	875	600
	<u> </u>	<u> </u>

Alpha Therm Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

10 Tangible fixed assets

	Office equipment £ '000	Software £ '000	Total £ '000
Cost			
At 1 January 2015	302	93	395
Additions	117	11	128
Disposals	(167)	(23)	(190)
At 31 December 2015	252	81	333
Depreciation and impairment			
At 1 January 2015	214	43	257
Depreciation charged in the year	46	25	71
Eliminated in respect of disposals	(167)	(23)	(190)
At 31 December 2015	93	45	138
Carrying amount			
At 31 December 2015	159	36	195
At 31 December 2014	88	50	138

11 Share capital

	2015 £	2014 £
Authorised		
10 Ordinary shares of £1 each	1,000	1,000
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

12 Stocks

	2015 £ '000	2014 £ '000
Finished goods and goods for resale	1,565	1,877

Alpha Therm Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

13 Debtors

	2015	2014
	£ '000	£ '000
Amounts falling due within one year:		
Trade debtors	6,919	6,106
Other debtors	72	94
Prepayments and accrued income	142	115
	<u>7,133</u>	<u>6,315</u>
Deferred tax asset (note 16)	-	4
	<u>7,133</u>	<u>6,319</u>

14 Creditors: amounts falling due within one year

	2015	2014
	£ '000	£ '000
Trade creditors	406	616
Amounts due to fellow group undertakings	4,056	4,788
Corporation tax payable	190	199
Other taxation and social security	885	903
Dividends payable	875	600
Other creditors	13	48
Accruals and deferred income	1,180	700
	<u>7,605</u>	<u>7,854</u>

15 Provisions for liabilities

	Notes	2015	2014
		£ '000	£ '000
Warranty provision		2,369	2,653
Deferred tax liabilities	16	9	-
		<u>2,378</u>	<u>2,653</u>

Alpha Therm Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

15 Provisions for liabilities (continued)

Movements on provisions apart from retirement benefits and deferred tax liabilities:	£ '000
At 1 January 2015	2,653
Additional provisions in the year	2,458
Utilisation of provision	(2,742)
At 31 December 2015	<u>2,369</u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2015 £ '000	Liabilities 2014 £ '000	Assets 2015 £ '000	Assets 2014 £ '000
Balances:				
Deferred tax liability	<u>9</u>	<u>-</u>	<u>-</u>	<u>4</u>
				2015 £ '000
Movements in the year:				
Liability/(Asset) at 1 January 2015				(4)
Charge to profit or loss				13
Liability at 31 December 2015				<u>9</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £100,578 (2014 - £72,530)

Alpha Therm Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

18 Profit and loss reserves

	2015	2014
	£ '000	£ '000
At beginning of year	358	183
Profit for the year	1,007	775
Dividends	(875)	(600)
At end of year	<u>490</u>	<u>358</u>

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015	2014
	£ '000	£ '000
Within one year	510	533
Between two and five years	1,567	1,630
In over five years	1,980	2,348
	<u>4,057</u>	<u>4,511</u>

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2015	2014
	£ '000	£ '000
Aggregate compensation	<u>328</u>	<u>303</u>

Alpha Therm Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

21 Controlling party

The company's ultimate parent undertaking and controlling party and largest and smallest group in whose financial statements the company is consolidated is Immerfin SpA, a company incorporated in Italy. The group financial statements can be obtained from Immerfin SpA, Via Cisa Ligure, 95 42041 Brescello Reggio Emilia, Italy.

22 Cash generated from operations

	2015	2014
	£ '000	£ '000
Profit for the year	1,007	775
Adjustments for:		
Income tax expense	305	297
Finance costs	-	1
Depreciation and impairment of tangible fixed assets	71	39
(Decrease) in provisions	(284)	(63)
Movements in working capital:		
Decrease in stocks	312	40
(Increase) in debtors	(818)	(111)
(Decrease) in creditors	(515)	(206)
Cash generated from operations	78	772