

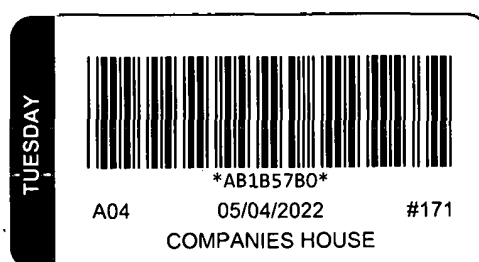
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Company Registration No. 00882439 (England and Wales)

Alpha Therm Limited

Annual Report And Financial Statements

For The Year Ended 31 December 2021



Alpha Therm Limited

Company Information

Directors	Mr A Carmeli Mr M Wilson (Appointed 10 March 2021)
Company number	00882439
Registered office	Nepicar House London Road Wrotham Heath Kent TN15 7RS
Auditor	Loucas The Carriage House Mill Street Maidstone Kent ME15 6YE
Business address	Nepicar House London Road Wrotham Heath Kent TN15 7RS
Bankers	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 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The Company remains a key member of the Italian-owned Immerfin Group, one of Europe's leading manufacturers of domestic and commercial boilers.

The income statement on page 8 shows revenue for the year of £27.3m (2020: £25.4m). This 8% increase is achieved despite the challenges of Covid-19.

Profit after tax for the financial year has increased to £427k (2020: £433k). Shareholder funds decreased by £572k (2020: increase £432k) due to retained earnings and dividend paid. The Company's quick ratio (current assets as a percentage of current liabilities) has slightly increased due to cash and Creditors.

The Company continues to offer a complete range of boilers to meet the heating and hot water needs of practically every property type or household size. This is viewed as crucial to successfully grow and thrive in a very competitive market.

The Directors continue to review all areas of the business and confidently anticipate improvement in performance and growth across the business.

Principal risks and uncertainties

As the country starts to emerge from the cloud of Covid 19 pandemic we begin to see the UK domestic boiler market return to the levels of 2019. Consumers seem to have moved away from spending on their houses and now focus more on leisure activities. This, combined with rising inflation helps to create a very competitive market.

We continue to work closely with our manufacturing parent company to ensure our product range continues to develop to both align with customer needs and satisfy the legislative changes required to reach government carbon reduction targets. New products that address this requirement will be launched later in 2022.

Since the onset of the Covid 19 pandemic the global supply chain has been severely disrupted. Supply chains are finely calibrated and already weakened by shipping backlogs, labour shortages, geopolitical tensions and raw material shortages. The company is not immune to these risks and are reliant upon supplies from our Italian parent. We continue to work collaboratively with the Italian parent and suppliers to help anticipate potential problems and where necessary explore alternate sources of supply. Whilst we have witnessed product shortages and delays across the sector, to date, no significant disruption or delay has had a material impact upon the company.

Alpha Therm Limited

Strategic Report (Continued)

For The Year Ended 31 December 2021

Key performance indicators

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

Turnover: turnover has increased in the year by £1,965k to £27,325k (2020: £25,361k).

Operating Profit: the operating profit for 2021 has increased by £107k in the year to £661k (2020: £554k).

Profit after tax: profits after tax have decreased in the year by £5k (2020: increase £429k).

Monitoring of every profit centre across the business in terms of sales and volumes and associated margins is performed to ensure maximum efficiencies within operations, examples include, staffing, accessory products, spare parts, returns etc.

On behalf of the board



Mr A Carmeli

Director

17 March 2022

Alpha Therm Limited

Directors' Report

For The Year Ended 31 December 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

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 and hot water systems.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a final dividend.

Directors

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

Mr A Carmeli	
Mr A Amadei	(Resigned 10 March 2021)
Mr M Maini	(Resigned 10 March 2021)
Mr P Alberici	(Resigned 10 March 2021)
Mr M Wilson	(Appointed 10 March 2021)

Auditor

Loucas were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

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 auditor is 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 auditor is aware of that information.

On behalf of the board

Mr A Carmeli
Director



Mr M Wilson
Director



17 March 2022

Alpha Therm Limited

Directors' Responsibilities Statement For The Year Ended 31 December 2021

The directors are responsible for preparing the annual 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;
- 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.

Alpha Therm Limited

Independent Auditor's Report

To The Member Of Alpha Therm Limited

Opinion

We have audited the financial statements of Alpha Therm Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2021 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.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company 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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Alpha Therm Limited

Independent Auditor's Report (Continued)

To The Member Of Alpha Therm Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management's own consideration of fraud. In particular we assessed whether judgements made in making accounting estimates are indicative of potential bias, and evaluated the business rationale of significant transactions outside the normal course of business. We also addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments. We also considered potential financial or other pressures, opportunities and motivations for fraud. As part of discussions with management we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes.

We obtained an understanding of the legal and regulatory environment applicable to the company and established the most relevant laws and regulations are FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Companies Act 2006, direct and indirect taxation legislation in the United Kingdom, and operational laws and regulations including health and safety, employment law, anti-money laundering, anti-bribery and corruption, and GDPR rules.

Alpha Therm Limited

Independent Auditor's Report (Continued) To The Member Of Alpha Therm Limited

We considered the extent of compliance with these laws and regulations as part of our procedures on the related financial statement lines. We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence, for example, review and inspection of legal invoices and correspondence with the relevant authorities and the entity's solicitors.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentation or through collusion. There are inherent limitations in the audit procedures performed as non-compliance with laws and regulations may not necessarily be reflected in transactions reported in the financial statements, and therefore we may be less likely to become aware of it. Management and those charged with governance of the entity have the primary responsibility for the prevention and detection of fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.



Mr Athos Louca FCCA, ICPAC (Senior Statutory Auditor)
For and on behalf of Loucas

Date: 4/4/2022

Chartered Certified Accountants
Statutory Auditor

The Carriage House
Mill Street
Maidstone
Kent
ME15 6YE

Alpha Therm Limited

Statement Of Comprehensive Income For The Year Ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	27,325,435	25,360,717
Cost of sales		(20,721,251)	(19,259,315)
Gross profit		6,604,184	6,101,402
Distribution costs		(863,645)	(755,897)
Administrative expenses		(5,385,581)	(5,042,944)
Other operating income		306,294	251,801
Operating profit	4	661,252	554,362
Amounts written off investments	7	(106,736)	7,900
Profit before taxation		554,516	562,262
Tax on profit	8	(127,168)	(129,431)
Profit for the financial year		427,348	432,831

The income statement has been prepared on the basis that all operations are continuing operations.

Alpha Therm Limited

Statement Of Financial Position

As At 31 December 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		126,521		120,746
Current assets					
Stocks	13	2,018,214		2,137,732	
Debtors	14	5,701,709		5,462,028	
Cash at bank and in hand		3,105,721		5,538,152	
		<u>10,825,644</u>		<u>13,137,912</u>	
Creditors: amounts falling due within one year	15	<u>(4,905,873)</u>		<u>(7,792,282)</u>	
Net current assets			5,919,771		5,345,630
Total assets less current liabilities			6,046,292		5,466,376
Provisions for liabilities					
Provisions	16	5,043,241		3,894,748	
Deferred tax liability	17	<u>18,903</u>		<u>14,828</u>	
			(5,062,144)		(3,909,576)
Net assets			<u>984,148</u>		<u>1,556,800</u>
Capital and reserves					
Called up share capital	19		100		100
Profit and loss reserves			<u>984,048</u>		<u>1,556,700</u>
Total equity			<u>984,148</u>		<u>1,556,800</u>

The financial statements were approved by the board of directors and authorised for issue on 17 March 2022 and are signed on its behalf by:

Mr A Carmeli
Director

Mr M Wilson
Director

Company Registration No. 00882439

Alpha Therm Limited

Statement Of Changes In Equity For The Year Ended 31 December 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020		100	1,123,869	1,123,969
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	432,831	432,831
Balance at 31 December 2020		100	1,556,700	1,556,800
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	427,348	427,348
Dividends	9	-	(1,000,000)	(1,000,000)
Balance at 31 December 2021		100	984,048	984,148

Alpha Therm Limited

Statement Of Cash Flows

For The Year Ended 31 December 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23	(1,285,142)		3,159,334	
Income taxes paid		(61,273)		(85,695)	
Net cash (outflow)/inflow from operating activities		(1,346,415)		3,073,639	
Investing activities					
Purchase of tangible fixed assets		(86,016)		(73,639)	
Proceeds on disposal of tangible fixed assets		-		11,249	
Net cash used in investing activities		(86,016)		(62,390)	
Financing activities					
Dividends paid		(1,000,000)		-	
Net cash used in financing activities		(1,000,000)		-	
Net (decrease)/increase in cash and cash equivalents		(2,432,431)		3,011,249	
Cash and cash equivalents at beginning of year		5,538,152		2,526,903	
Cash and cash equivalents at end of year		3,105,721		5,538,152	

Alpha Therm Limited

Notes To The Financial Statements

For The Year Ended 31 December 2021

1 Accounting policies

Company information

Alpha Therm Limited is a private company limited by shares incorporated in England and Wales. The registered office is Nepicar House, London Road, Wrotham Heath, 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 £.

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

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, including for a period of at least twelve months from the date on which these accounts are signed.

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 is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and trade discounts.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

Revenue from the contractual arrangements for servicing and maintenance of equipment is recognised when the services are provided, with this income generally being recognised on a straight line basis.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

1.4 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.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

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:

Equipment	10-33% per annum
Computers	10-25% per annum

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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

1.8 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 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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.

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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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, unless hedge accounting is applied and the hedge is a cash flow hedge.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

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

1.10 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 income statement 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.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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.

1.11 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 in which 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 10 years.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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 in the period are included in profit or loss.

2 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. 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 upon recent historical warranty expenses and expected future warranty expenses. The actual product performance and/or field expenses 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.

The Company assesses the warranty rates each year, which may result in a change to the previous accounting estimates.

During the year, the company has increased its standard warranty provision by 25 pence per boiler resulting in an increase to the warranty provision of £151,213 in the year. The change has been charged to the profit and loss account.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

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 performed at the count.

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.

Accruals for promotions and loyalty support

Promotional discounts are offered at various stages throughout the year to support sales of various products. Promotional activity will always be dependent on market conditions and negotiations with customers. Rates and length of promotional periods are all known at the point of providing an accrual, however judgement about the uptake on promotional activity is arrived at by reviewing historical trends along with other calculations.

Contract support is offered to help support pricing in the competitive new build sector. Contracts are made with parties detailing rates and estimated quantities. Judgement is necessary in order to predict the progress on each development. This is achieved through close communication with installers whilst also considering historical trends.

Both Promotional Discounts and Contract Support are generally charges to the statement of profit or loss at the relevant time. Although provisions are reviewed on a regular basis and adjusted for management's best estimates, the judgmental nature of these items means that future amounts settled may be different from those provided.

Transactions with related parties

The company enters into a number of transactions with other group entities. The directors estimate that these transactions are made on an arms' length basis in line with the trade agreement in place.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	27,320,704	25,354,834
Europe (other than United Kingdom)	4,731	5,883
	<u>27,325,435</u>	<u>25,360,717</u>

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Other significant revenue		
Grants received	9,896	-

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(37,874)	16,334
Government grants	(9,896)	-
Fees payable to the company's auditor for the audit of the company's financial statements	17,826	26,799
Depreciation of owned tangible fixed assets	80,242	82,167
Cost of stocks recognised as an expense	14,492,284	13,367,308
Operating lease charges	614,187	632,238

5 Employees

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

	2021 Number	2020 Number
Administrative staff	53	52
Sales staff	22	22
Total	75	74

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,934,056	2,748,160
Social security costs	342,578	317,602
Pension costs	144,266	136,701
	3,420,900	3,202,463

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	88,862	64,353
Company pension contributions to defined contribution schemes	3,880	-
	<u>92,742</u>	<u>64,353</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 0).

7 Amounts written off investments

	2021 £	2020 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(106,736)	7,900
	<u>(106,736)</u>	<u>7,900</u>

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	123,093	122,331
Adjustments in respect of prior periods	-	72
Total current tax	<u>123,093</u>	<u>122,403</u>
Deferred tax		
Origination and reversal of timing differences	4,075	5,638
Changes in tax rates	-	1,390
Total deferred tax	<u>4,075</u>	<u>7,028</u>
Total tax charge	<u>127,168</u>	<u>129,431</u>

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	554,516	562,262
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	105,358	106,830
Tax effect of expenses that are not deductible in determining taxable profit	22,791	17,128
Effect of change in corporation tax rate	-	1,390
Permanent capital allowances in excess of depreciation	(981)	-
Under/(over) provided in prior years	-	72
Other	-	4,011
Taxation charge for the year	127,168	129,431

9 Dividends

	2021 £	2020 £
Interim paid	1,000,000	-

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of: Stocks	13	(45,080)	46,863
Recognised in: Cost of sales		(45,080)	46,863

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

11 Tangible fixed assets

	Equipment £	Computers £	Total £
Cost			
At 1 January 2021	428,640	140,562	569,202
Additions	23,595	62,421	86,016
Disposals	-	(18,701)	(18,701)
At 31 December 2021	452,235	184,282	636,517
Depreciation and impairment			
At 1 January 2021	329,724	118,731	448,455
Depreciation charged in the year	48,879	31,363	80,242
Eliminated in respect of disposals	-	(18,701)	(18,701)
At 31 December 2021	378,603	131,393	509,996
Carrying amount			
At 31 December 2021	73,632	52,889	126,521
At 31 December 2020	98,916	21,830	120,746

12 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	-	7,900
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	106,736	-

The company enters into forward foreign currency contracts to mitigate the exchange risk for certain foreign exchange receivables.

Foreign currency contracts

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:EUR.

As at 31 December 2021, the outstanding contracts all mature within 6 months (2020: 9 months) of the year end. The company is committed to buy a maximum EUR 6,080,000 (2020: EUR 4,200,000), and receive a fixed sterling amount. This amount could reduce depending upon the performance of the contracts within the foreign exchange markets.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

13 Stocks

	2021 £	2020 £
Finished goods and goods for resale	2,018,214	2,137,732

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	5,298,264	5,123,704
Derivative financial instruments	-	7,900
Other debtors	81,872	72,996
Prepayments and accrued income	321,573	257,428
	5,701,709	5,462,028

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	477,856	449,720
Amounts owed to group undertakings	2,087,034	4,037,497
Corporation tax	123,093	61,273
Other taxation and social security	882,082	2,345,950
Derivative financial instruments	106,736	-
Other creditors	25,853	17,203
Accruals and deferred income	1,203,219	880,639
	4,905,873	7,792,282

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

16 Provisions for liabilities

	2021 £	2020 £
Warranty provision	5,043,241	3,894,748
Movements on provisions:		
		Warranty provision £
At 1 January 2021		3,894,748
Additional provisions in the year		2,142,317
Utilisation of provision		(1,017,876)
Unwinding of discount		24,052
At 31 December 2021		5,043,241

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	18,903	14,828
Movements in the year:		2021 £
Liability at 1 January 2021		14,828
Charge to profit or loss		4,075
Liability at 31 December 2021		18,903

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	144,266	136,701

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.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

20 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:

	2021 £	2020 £
Within one year	577,951	593,172
Between two and five years	1,280,264	1,515,975
In over five years	660,000	880,000
	<u>2,518,215</u>	<u>2,989,147</u>

Lessor

The Company holds surplus office space which is sublet to third parties. These non-cancellable leases have a remaining term of 4 years. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions. There are no options in place for either party to extend the lease terms.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	228,745	167,190
Between two and five years	668,227	647,318
	<u>896,972</u>	<u>814,508</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>320,817</u>	<u>342,157</u>

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

21 Related party transactions

(Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2021	2020	2021	2020
	£	£	£	£
Entities with control, joint control or significant influence over the company	-	48,100	-	-
Other related parties	-	-	13,471,834	12,972,931
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Costs recharged in respect of R&D and IT expenditure		Rent paid	
	2021	2020	2021	2020
	£	£	£	£
Entities with control, joint control or significant influence over the company	38,246	43,578	220,000	220,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amounts due to related parties			2021	2020
			£	£
Entities with control, joint control or significant influence over the company			2,088,364	4,037,497
			<u> </u>	<u> </u>

22 Ultimate 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.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

23 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	427,348	432,831
Adjustments for:		
Taxation charged	127,168	129,431
Gain on disposal of tangible fixed assets	-	(7,716)
Depreciation and impairment of tangible fixed assets	80,242	82,167
Other gains and losses	106,736	(161,975)
Increase in provisions	1,148,493	945,463
Movements in working capital:		
Decrease/(increase) in stocks	119,518	(366,365)
Increase in debtors	(239,681)	(114,210)
(Decrease)/increase in creditors	(3,054,966)	2,219,708
Cash (absorbed by)/generated from operations	(1,285,142)	3,159,334

24 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	5,538,152	(2,432,431)	3,105,721