

Company registration number 00882439 (England and Wales)

Alpha Therm Limited

Annual Report And Financial Statements

For The Year Ended 31 December 2023

Alpha Therm Limited

Company Information

Directors	Mr A Carmeli Mr M Wilson
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 2023

The directors present the strategic report for the year ended 31 December 2023.

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 is set out on page 8 and shows revenue for the year of £25.0m (2022: 30.4m). This 17.6% decrease is largely due to an contraction in market conditions in the UK leading to decreased sales across all product families. Profit after tax for the financial year has decreased to £670k (2022: £800k). Shareholder funds increased by £670k (2022: decreased £180k) due to the increase in retained earnings. The Company's quick ratio (current assets as a percentage of current liabilities) is broadly the same as the previous years.

The Company continues to focus on the quality of its products and the needs of the future market whether that be total system solutions or the growing renewable energy products market. This is viewed as crucial to successfully grow and thrive in a highly 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

The economic climate remains uncertain, and the UK's domestic heating appliances market is anticipated to stay fiercely competitive. Across the whole industry, demand has notably declined compared to last year, likely due to economic pressures on households and their prioritization of finances.

Throughout 2023 and early 2024, ambiguity surrounded the Government's Clean Heat Market Mechanism and its operational framework. Speculation was rife regarding its implementation, ultimately leading to an official postponement until 2025, announced earlier this month. With an upcoming general election and the potential for a new government, there's a possibility of policy review. While Alpha is well-equipped with products to aid in achieving the government's carbon reduction goals, a sense of stability would undoubtedly benefit the situation.

Amidst the economic downturn and market volatility, the probability of customer business failure looms large, amplifying the risk associated with credit management. Prioritising stringent credit management measures remains paramount, aimed at swiftly identifying and mitigating potential credit risks during the onboarding phase and beyond.

The board continue to monitor all risk that could affect the business especially those explicitly already mentioned along with foreign currency exchange rates, legislative, competition, supply chain issues and costs of materials.

Alpha Therm Limited

Strategic Report (Continued)

For The Year Ended 31 December 2023

Key performance indicators

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

Turnover: turnover has decreased in the year by £5.3m to £25.0m (2022: £30.4m).

Operating Profit: the operating profit for 2023 has decreased by £37k in the year to £857k (2022: £894k).

Profit after tax: profits after tax have decreased in the year by £131k (2022: increase £373k).

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

27 March 2024

Alpha Therm Limited

Directors' Report

For The Year Ended 31 December 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

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.

No ordinary dividends were paid. 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 M Wilson

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.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Mr A Carmeli

Director

Mr M Wilson

Director

27 March 2024

Alpha Therm Limited

Directors' Responsibilities Statement

For The Year Ended 31 December 2023

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 2023 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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.

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

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:

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.

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.

Alpha Therm Limited

Independent Auditor's Report (Continued)

To The Member Of Alpha Therm Limited

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

27 March 2024

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 2023

		2023 £	2022 £
	Notes		
Turnover	3	25,054,559	30,399,684
Cost of sales		(17,410,061)	(22,691,218)
Gross profit		7,644,498	7,708,466
Distribution costs		(791,857)	(955,138)
Administrative expenses		(6,306,994)	(6,171,776)
Other operating income		311,545	312,678
Operating profit	4	857,192	894,230
Interest receivable and similar income	7	123,177	-
Interest payable and similar expenses	8	(3,941)	-
Amounts written off investments	9	(45,664)	133,326
Profit before taxation		930,764	1,027,556
Tax on profit	10	(260,830)	(227,093)
Profit for the financial year		669,934	800,463

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 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		158,006		181,650
Current assets					
Stocks	15	2,349,768		2,326,799	
Debtors	16	6,566,162		6,260,173	
Cash at bank and in hand		3,692,258		3,193,087	
		<u>12,608,188</u>		<u>11,780,059</u>	
Creditors: amounts falling due within one year	17	<u>(5,024,358)</u>		<u>(5,155,835)</u>	
Net current assets			<u>7,583,830</u>		<u>6,624,224</u>
Total assets less current liabilities			<u>7,741,836</u>		<u>6,805,874</u>
Provisions for liabilities					
Provisions	18	6,242,685		5,973,450	
Deferred tax liability	19	<u>24,606</u>		<u>27,813</u>	
			<u>(6,267,291)</u>		<u>(6,001,263)</u>
Net assets			<u><u>1,474,545</u></u>		<u><u>804,611</u></u>
Capital and reserves					
Called up share capital	21		100		100
Profit and loss reserves			<u>1,474,445</u>		<u>804,511</u>
Total equity			<u><u>1,474,545</u></u>		<u><u>804,611</u></u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 27 March 2024 and are signed on its behalf by:

Mr A Carmeli
Director

Mr M Wilson
Director

Company registration number 00882439 (England and Wales)

Alpha Therm Limited

Statement Of Changes In Equity

For The Year Ended 31 December 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2022		100	984,048	984,148
Year ended 31 December 2022:				
Profit and total comprehensive income		-	800,463	800,463
Dividends	11	-	(980,000)	(980,000)
Balance at 31 December 2022		100	804,511	804,611
Year ended 31 December 2023:				
Profit and total comprehensive income		-	669,934	669,934
Balance at 31 December 2023		100	1,474,445	1,474,545

Alpha Therm Limited

Statement Of Cash Flows

For The Year Ended 31 December 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25	598,143		1,403,140	
Interest paid		(3,941)		-	
Income taxes paid		(155,045)		(186,248)	
Net cash inflow from operating activities		439,157		1,216,892	
Investing activities					
Purchase of tangible fixed assets		(63,163)		(149,526)	
Interest received		123,177		-	
Net cash generated from/(used in) investing activities		60,014		(149,526)	
Financing activities					
Dividends paid		-		(980,000)	
Net cash used in financing activities		-		(980,000)	
Net increase in cash and cash equivalents		499,171		87,366	
Cash and cash equivalents at beginning of year		3,193,087		3,105,721	
Cash and cash equivalents at end of year		3,692,258		3,193,087	

Alpha Therm Limited

Notes To The Financial Statements

For The Year Ended 31 December 2023

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.

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

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

1 Accounting policies

(Continued)

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 2023

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 2023

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 2023

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 leases 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 2023

1 Accounting policies

(Continued)

1.15 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.

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

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

	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	25,053,245	30,397,058
Europe (other than United Kingdom)	1,314	2,626
	<u>25,054,559</u>	<u>30,399,684</u>
	2023	2022
	£	£
Other revenue		
Interest income	<u>123,177</u>	<u>-</u>

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	5,002	157,806
Fees payable to the company's auditor for the audit of the company's financial statements	23,000	20,000
Depreciation of owned tangible fixed assets	86,807	94,397
Cost of stocks recognised as an expense	11,936,258	15,980,519
Operating lease charges	755,616	672,405
	<u> </u>	<u> </u>

5 Employees

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

	2023 Number	2022 Number
Administrative staff	61	56
Sales staff	18	22
	<u> </u>	<u> </u>
Total	79	78
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	3,056,138	3,164,113
Social security costs	346,751	385,508
Pension costs	280,894	226,470
	<u> </u>	<u> </u>
	3,683,783	3,776,091
	<u> </u>	<u> </u>

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	142,883	141,270
Company pension contributions to defined contribution schemes	7,500	6,625
	<u> </u>	<u> </u>
	150,383	147,895
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

7 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	118,544	-
Other interest income	4,633	-
	<u>123,177</u>	<u>-</u>
Total income	<u>123,177</u>	<u>-</u>

	2023	2022
	£	£
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	118,544	-
	<u>118,544</u>	<u>-</u>

8 Interest payable and similar expenses

	2023	2022
	£	£
Other finance costs:		
Other interest	3,941	-
	<u>3,941</u>	<u>-</u>

9 Amounts written off investments

	2023	2022
	£	£
Fair value gains/(losses) on financial instruments		
(Loss)/gain on financial assets held at fair value through profit or loss	(45,664)	133,326
	<u>(45,664)</u>	<u>133,326</u>

10 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	264,037	218,183
	<u>264,037</u>	<u>218,183</u>
Deferred tax		
Origination and reversal of timing differences	(3,207)	8,910
	<u>(3,207)</u>	<u>8,910</u>
Total tax charge	<u>260,830</u>	<u>227,093</u>

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

10 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:

	2023 £	2022 £
Profit before taxation	930,764	1,027,556
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	218,916	195,236
Tax effect of expenses that are not deductible in determining taxable profit	40,761	28,151
Effect of change in corporation tax rate	3,025	-
Permanent capital allowances in excess of depreciation	(268)	(3,420)
Depreciation on assets not qualifying for tax allowances	(1,604)	452
Deferred tax adjustments in respect of prior years	-	6,674
Taxation charge for the year	260,830	227,093

11 Dividends

	2023 £	2022 £
Interim paid	-	980,000

12 Impairments

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

	Notes	2023 £	2022 £
In respect of:			
Stocks	15	43,644	32,775
Recognised in:			
Cost of sales		43,644	32,775

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 2023

13 Tangible fixed assets

	Equipment £	Computers £	Total £
Cost			
At 1 January 2023	563,091	222,952	786,043
Additions	54,718	8,445	63,163
At 31 December 2023	617,809	231,397	849,206
Depreciation and impairment			
At 1 January 2023	432,496	171,897	604,393
Depreciation charged in the year	53,777	33,030	86,807
At 31 December 2023	486,273	204,927	691,200
Carrying amount			
At 31 December 2023	131,536	26,470	158,006
At 31 December 2022	130,595	51,055	181,650

14 Financial instruments

	2023 £	2022 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	-	26,590
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	19,075	-

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 2023, the outstanding contracts all mature within 6 months (2022: 12 months) of the year end. The company is committed to buy a maximum EUR 4,500,000 (2022: EUR 6,900,000), and receive a fixed sterling amount. This amount could reduce depending upon the performance of the contracts within the foreign exchange markets.

15 Stocks

	2023 £	2022 £
Finished goods and goods for resale	2,349,768	2,326,799

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

16 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	5,380,663	5,577,104
Derivative financial instruments	-	26,590
Other debtors	858,054	130,032
Prepayments and accrued income	327,445	526,447
	<u>6,566,162</u>	<u>6,260,173</u>

17 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	387,870	503,914
Amounts owed to group undertakings	2,316,733	2,605,241
Corporation tax	264,020	155,028
Other taxation and social security	944,997	837,406
Derivative financial instruments	19,075	-
Other creditors	18,006	24,862
Accruals and deferred income	1,073,657	1,029,384
	<u>5,024,358</u>	<u>5,155,835</u>

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

18 Provisions for liabilities

	2023 £	2022 £
Warranty provision	6,242,685	5,973,450
Movements on provisions:		
		Warranty provision £
At 1 January 2023		5,973,450
Additional provisions in the year		1,516,074
Utilisation of provision		(1,252,275)
Unwinding of discount		5,436
At 31 December 2023		6,242,685

19 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	24,606	27,813
Movements in the year:		2023 £
Liability at 1 January 2023		27,813
Credit to profit or loss		(3,207)
Liability at 31 December 2023		24,606

20 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	280,894	226,470

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 2023

21 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

22 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:

	2023	2022
	£	£
Within one year	661,845	678,877
Between two and five years	1,572,872	1,531,685
In over five years	284,500	540,000
	<u>2,519,217</u>	<u>2,750,562</u>

Lessor

The Company holds surplus office space which is sublet to third parties. These non-cancellable leases have a remaining term of 2 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:

	2023	2022
	£	£
Within one year	228,745	228,745
Between two and five years	210,737	439,482
	<u>439,482</u>	<u>668,227</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	<u>290,214</u>	<u>380,006</u>

Alpha Therm Limited

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2023

23 Related party transactions

(Continued)

Transactions with related parties

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

	Purchases			
	2023	2022		
	£	£		
Other related parties	11,919,662	15,506,591		
	Costs recharged in respect of R&D and IT expenditure		Rent paid	
	2023	2022	2023	2022
	£	£	£	£
Entities with control, joint control or significant influence over the company	32,617	-	270,000	238,000
Amounts due to related parties			2023	2022
			£	£
Entities with control, joint control or significant influence over the company			2,316,733	2,937,631

24 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 2023

25 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	669,934	800,463
Adjustments for:		
Taxation charged	260,830	227,093
Finance costs	3,941	-
Investment income	(123,177)	-
Depreciation and impairment of tangible fixed assets	86,807	94,397
Other gains and losses	45,664	(133,326)
Increase in provisions	269,235	930,209
Movements in working capital:		
Increase in stocks	(22,969)	(308,585)
Increase in debtors	(332,579)	(531,874)
(Decrease)/increase in creditors	(259,544)	324,763
Cash generated from operations	598,142	1,403,140

26 Analysis of changes in net funds

	1 January 2023 £	Cash flows £	31 December 2023 £
Cash at bank and in hand	3,193,087	499,171	3,692,258

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