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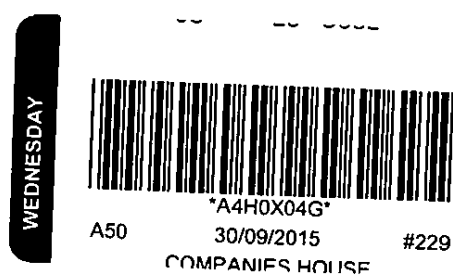
Vaillant Industrial UK Limited

Company number : 1064184

Report and Financial Statements

Year Ended

31 December 2014



VAILLANT INDUSTRIAL UK LIMITED

Directors' report and financial statements for the year ended 31 December 2014

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Directors

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Directors

S S Bhadal
J Borkowski
K Kock
J E Moore
N J Partridge
N Schiedeck
A Stark

Secretary and registered office

S S Bhadal

Nottingham Road, Belper, Derbyshire, DE56 1JT

Company number

1064184

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

VAILLANT INDUSTRIAL UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

REVIEW OF THE BUSINESS

During 2014, both UK and European markets continued the trend towards higher efficiency products which has been evident over the past few years. As a result of being at the forefront of energy efficient technology, the Company is well placed to benefit from this development.

The Company's heating products are exclusively high efficiency boilers sold in both the Domestic and European boiler markets where demand continued to be stable throughout 2014. The Company continued to develop its product range of high efficiency appliances and has new product launches planned for 2015.

The Company continues to focus on what it perceives as key business issues. These include the quality of its products and processes, sustainability issues and the health and safety of its employees.

It seeks to improve the working environment of its employees through a number of different continuous improvement methods and initiatives, with the involvement of employees in all aspects of company activities. The Company is also committed to the continuous development of its employees.

The directors anticipate a continuation of this positive performance within the gas heating sector and are looking to the future with confidence.

PRINCIPAL RISKS AND UNCERTAINTIES

The general economic outlook remains uncertain and the market for domestic heating appliances both in the UK and the EU, to which the Company supplies its products, is expected to remain highly competitive.

The Company's sales to customers in Europe are made in Euros along with purchased components from suppliers in Europe that are also purchased in Euros. The Company is therefore exposed to movements in the Euro to Sterling exchange rate. The Company manages the net exposure using financial instruments to optimise the impact from foreign currency movements.

Commodity prices generally have increased over the recent past but this is not currently seen as an area of major risk. A number of key suppliers are known to be partially covered by hedge arrangements on some key commodities such as copper and aluminium. This in turn should reduce the impact of any further changes in commodity prices which may be passed on to the Company.

The Company considers credit risk and monitors cash flow as part of its day to day control procedures. Cash flow projections are considered on a regular basis to ensure that appropriate facilities are available.

ENVIRONMENTAL ISSUES

We are committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy, and through development in product technologies and through operating methods. It is also a matter of delivering on our duty of care towards future generations.

VAILLANT INDUSTRIAL UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

DEVELOPMENT, PERFORMANCE AND POSITION

The profit and loss account is set out on page 8 and shows turnover for the year of £173.0m (2013 £198.0m) which is a decrease of 13%, this is largely due to market conditions. This resulted in a profit after taxation for the financial year of £12.7m (2013 £28.4m).

The balance sheet set out on page 9 shows tangible assets for the year of £7.6m (2013 £5.8m), an increase coming from further investment in new efficient processes, equipment and machinery for future product ranges.

KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPI's) used to monitor the business on a monthly basis include both financial and non financial KPI's, key non financial KPI's include unit sales, quality control, headcount, health and safety and efficiency. The actual performance is tracked against industry and group targets. All indicators in 2014 performed well against the target and have strong links into the financial performance.

Financial KPI's include revenues, operating profit, operating costs, working capital and cash flow. The actual performance is compared to forecast, budget and prior year. For 2014 these indicators were largely as expected in the current economic climate.



S S Bhadal
SECRETARY

Date 27th April 2015

Registered Office
Nottingham Road
Belper
Derbyshire
DE56 1JT

VAILLANT INDUSTRIAL UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the audited financial statements for the year ended 31 December 2014

PRINCIPAL ACTIVITIES

The principal activity of the Company is the manufacture of gas heating appliances and spares for the UK and European markets

DIRECTORS AND THEIR INTERESTS

The following is a list of all persons who were directors of the Company at any time between 1 January 2014 and the date of this report

S S Bhadal	
J Borkowski	
K Kock	
J E Moore	
N J Partridge	
N Schiedeck	Appointed 8th April 2014
A Schillings	Resigned 13th June 2014
A Stark	Appointed 12th November 2014
C Stelzer	Resigned 31st March 2014

No director has any interests in the share capital of the Company, either by way of holdings or share options, or of any group company at any time during the year

The ultimate parent company is Vaillant GmbH, a company incorporated in Germany

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has arranged qualifying third party indemnity for all of its directors

DIVIDENDS

The directors have decided to pay a dividend in 2014 of £28.4m (2013 £10.7m) resulting in a net decrease in retained earnings for the year was £15.7m (2013 Increase £17.7m)

POST BALANCE SHEET EVENTS

There have been no events since the balance sheet date, which materially affect the profits of the Company

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political contributions during the year (2013 £NIL). Donations to UK charities amounted to £NIL (2013 £NIL).

VAILLANT INDUSTRIAL UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

LIKELY FUTURE DEVELOPMENTS

All likely future developments have been covered under review of the business in the strategic report on page 1

CREDIT RISK

Credit risk has been covered under principle risks and uncertainties in the strategic report on page 1

EMPLOYEES

The Company considers all forms of discrimination to be unacceptable in the workplace. The Company is committed to providing equal opportunities throughout employment, including in the remuneration, recruitment, training and promotion of staff. The Company is committed to ensuring that no employee receives less favourable treatment or is unlawfully discriminated against on grounds of disability, gender, sexual orientation, marital status, race, colour, religion, age, nationality or ethnic origin.

The Company continues its practice of keeping all its employees informed on matters affecting them.

AUDITORS

The current directors have taken the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

VAILLANT INDUSTRIAL UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations

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

In preparing these financial statements, the directors are required to

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

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

By order of the Board



S S Bhadal
SECRETARY

Date 27th April 2015

Registered Office
Nottingham Road
Belper
Derbyshire
DE56 1JT

VAILLANT INDUSTRIAL UK LIMITED

Independent Auditor's Report to the Shareholders of Vaillant Industrial UK Limited

We have audited the financial statements of Vaillant Industrial UK Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the reconciliation of movements shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the company's affairs as at 31 December 2014 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

VAILLANT INDUSTRIAL UK LIMITED

Independent Auditor's Report to the Shareholders of Vaillant Industrial UK Limited (Continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

BDO LLP

Ian Clayden (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date 5 - 5 - 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

VAILLANT INDUSTRIAL UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Turnover (Note 2)	173,047	197,988
Operating expenses (Note 3)	(156,839)	(160,983)
Other operating income (Note 3)	<u>48</u>	<u>65</u>
OPERATING PROFIT (Note 4)	16,256	37,070
Interest payable (Note 6)	-	(1)
Interest receivable (Note 7)	<u>2</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	16,258	37,069
Tax on profit from ordinary activities (Note 8)	<u>(3,517)</u>	<u>(8,649)</u>
PROFIT AFTER TAXATION (Note 19)	<u><u>12,741</u></u>	<u><u>28,420</u></u>

All amounts relate to continuing operations

The Company has no recognised gains and losses in either the current or preceding year other than the retained profit for these years

The notes on pages 11 to 20 form an integral part of these financial statements

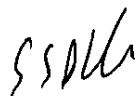
VAILLANT INDUSTRIAL UK LIMITED

Company Number: 1064184

BALANCE SHEET AT 31 DECEMBER 2014

	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
	£'000	£'000	(Restated) £'000	(Restated) £'000
FIXED ASSETS				
Intangible fixed assets (Note 9)		1		4
Tangible assets (Note 10)		<u>7,616</u>		<u>5,849</u>
		7,617		5,853
CURRENT ASSETS				
Stocks (Note 12)	4,709		4,520	
Debtors (Note 13)	20,005		42,314	
Cash at bank and in hand	<u>19,001</u>		<u>15,883</u>	
	43,715		62,717	
CREDITORS – Amounts falling due within one year (Note 14)		<u>(15,837)</u>		<u>(17,098)</u>
NET CURRENT ASSETS		<u>27,878</u>		<u>45,619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,495		51,472
CREDITORS - Amounts falling due after one year (Note 15)		<u>(863)</u>		<u>(1,181)</u>
NET ASSETS		<u>34,632</u>		<u>50,291</u>
CAPITAL AND RESERVES				
Called up share capital (Note 18)		8,800		8,800
Profit and loss account (Note 19)		<u>25,832</u>		<u>41,491</u>
SHAREHOLDERS' FUNDS		<u>34,632</u>		<u>50,291</u>

These financial statements were approved by the board of directors and authorised for issue on the 27th April 2015 and were signed on its behalf by



S S Bhadal
DIRECTOR

The notes on pages 11 to 20 form an integral part of the financial statements

VAILLANT INDUSTRIAL UK LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>2014</u> £'000	<u>2013</u> £'000
Profit for the financial year	12,741	28,420
Dividends declared and paid	<u>(28,400)</u>	<u>(10,700)</u>
Net movement in shareholders' funds	(15,659)	17,720
Opening shareholders' funds	<u>50,291</u>	<u>32,571</u>
Closing shareholders' funds	<u><u>34,632</u></u>	<u><u>50,291</u></u>

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

(1) Basis of presentation

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention

Under FRS 1 "Cash Flow Statements", the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking, Vaillant GmbH, includes the Company in its consolidated financial statements. Copies of these group financial statements can be obtained from www.unternehmensregister.de

(2) Turnover

Turnover comprises of the invoiced value, excluding value added tax, of goods supplied to customers

Turnover is recognised when goods are despatched to customers

Turnover is wholly attributable to the principle activities of the Company and arises within the United Kingdom and Continental Europe

(3) Intangible assets

Intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives. The amortisation expenses are included within the operating expenses line in the profit and loss account. Amortisation rates are as follows

Intangible assets	4 Years
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(4) Fixed assets and depreciation

Depreciation is calculated at rates appropriate to write off the cost of tangible and intangible fixed assets less their estimated residual value by equal annual instalments over their estimated useful economic lives, which are as follows

Buildings alterations	5-10 years
Plant, machinery and equipment	5-10 years
Tooling	5 Years
Fixtures and fittings	5-10 Years
IT equipment	4 Years

Assets under construction are not depreciated

(5) Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

(6) Stocks

Stocks are valued at the lower of cost, including an appropriate proportion of overheads, and net realisable value

(7) Pensions

The Company participates in both a defined benefit pension scheme operated by Vaillant Holdings Ltd, an intermediate parent company and a defined contribution scheme. With respect to the defined benefit scheme, the expected costs of pensions are charged to the profit and loss account so as to spread the costs of pensions over the service lives of employees. Variations from the regular costs are spread over the expected service lives of current employees in the scheme. Pension costs are assessed in accordance with the advice of an actuary. With respect to the defined contribution scheme, contributions are charged to the profit and loss account as they become payable.

(8) Warranties for products or services

Warranty accruals are recognised for specific warranty issues based on the anticipated costs to be incurred. No provision is held for general warranty costs.

(9) Lease of buildings and equipment

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Assets acquired under finance leases are capitalised and depreciated in accordance with the company's depreciation policy. The interest element of lease rentals is charged to the profit and loss account over the life of the lease.

(10) Foreign currency

Transactions in the normal course of business are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the year end rates. Exchange gains and losses are included in the profit and loss account.

(11) Restatement

At 31 December 2013, Other Creditors falling due within one year of £1,181k have been reclassified to Other Creditors falling due after one year. This is to ensure consistency with 2014.

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

(CONTINUED)

2 TURNOVER	<u>2014</u>	<u>2013</u>
	£'000	£'000
Turnover by Geographical Market		
United Kingdom	171,569	196,449
Continental Europe	<u>1,478</u>	<u>1,539</u>
	<u><u>173,047</u></u>	<u><u>197,988</u></u>

All of the above turnover is derived from one class of business, the manufacture of gas fired boilers and spares

3 OPERATING EXPENSES AND OTHER OPERATING INCOME	<u>2014</u>	<u>2013</u>
	£'000	£'000
Operating expenses		
Raw materials and consumables	131,261	137,328
Staff costs (Note 5)	14,473	15,114
Depreciation of tangible and intangible fixed assets	1,785	1,752
Loss on disposal of fixed assets	16	24
Other operating charges	<u>9,304</u>	<u>6,765</u>
	<u><u>156,839</u></u>	<u><u>160,983</u></u>

Other operating income

Other operating income includes costs recharged to other Vaillant Group companies

4 OPERATING PROFIT

Operating profit is stated after charging the following amounts

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Auditor's remuneration in respect of audit services	47	46
Hire of plant and machinery	154	147
Hire of land and buildings	<u>1,338</u>	<u>1,421</u>

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 **(CONTINUED)**

5 DIRECTORS AND EMPLOYEES

The emoluments of the directors of the Company were as follows

	<u>2014</u> £'000	<u>2013</u> £'000
Directors' emoluments remuneration as executives	195	196
Company contributions to defined benefit pension schemes	<u>32</u>	<u>31</u>
	<u><u>227</u></u>	<u><u>227</u></u>

	<u>2014</u> Number	<u>2013</u> Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes	<u>2</u>	<u>2</u>

The average number of persons employed by the Company during the year, analysed by category, was as follows

	<u>2014</u> Number	<u>2013</u> Number
Production and distribution	<u>171</u>	<u>164</u>

The aggregate staff costs were as follows

	<u>2014</u> £'000	<u>2013</u> £'000
Wages and salaries	4,743	4,594
Social security costs	408	371
Pension costs (Note 20)	<u>9,322</u>	<u>10,149</u>
	<u><u>14,473</u></u>	<u><u>15,114</u></u>

6 INTEREST PAYABLE

	<u>2014</u> £'000	<u>2013</u> £'000
Finance leases	<u>-</u>	<u>(1)</u>

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 **(CONTINUED)**

7 INTEREST RECEIVABLE	<u>2014</u> £'000	<u>2013</u> £'000
Interest on corporation tax	<u>2</u>	<u>-</u>

8 TAXATION ON PROFIT FROM ORDINARY ACTIVITIES

	<u>2014</u> £'000	<u>2013</u> £'000
Current tax UK corporation tax at 21.5% (2013 - 23.25%)	3,545	8,739
Adjustments in respect of the prior year	<u>(67)</u>	<u>13</u>
Total current tax	3,478	8,752
Deferred tax		
Increase in timing differences	(41)	(103)
Adjustment in respect of prior year	<u>80</u>	<u>-</u>
Taxation on ordinary activities	<u>3,517</u>	<u>8,649</u>

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2014</u> £'000	<u>2013</u> £'000
Profit on ordinary activities before tax	<u>16,258</u>	<u>37,069</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	3,495	8,619
Effect of:		
Depreciation for the period in excess of allowances	22	90
Short term timing differences	21	23
Expenses not deductible for tax purposes	7	7
Adjustments in respect of prior year	<u>(67)</u>	<u>13</u>
Tax charge for period	<u>3,478</u>	<u>8,752</u>

The tax effect of timing differences has been included within the deferred tax calculation.

DEFERRED TAXATION

The Company's accounting policy in respect of deferred taxation is set out in note 1 above and the Company's deferred tax provision is detailed in note 17 below.

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONTINUED)

9 INTANGIBLE ASSETS	Cost	Depreciation	Net Book Value
	£'000	£'000	£'000
Licences for software and for the rights to produce components to a design			
At 1 January 2014	30	26	4
Additions	-	-	-
Disposals	-	-	-
Depreciation charge for the year	-	3	(3)
At 31 December 2014	<u>30</u>	<u>29</u>	<u>1</u>

10 TANGIBLE FIXED ASSETS

	Plant	Fixtures and fittings and tooling	Equipment under finance lease	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 January 2014	10,502	4,531	14	159	15,206
Additions	128	183	-	3,254	3,565
Reclassifications	6	-	-	(6)	-
Disposals	(260)	(158)	-	-	(418)
At 31 December 2014	<u>10,376</u>	<u>4,556</u>	<u>14</u>	<u>3,407</u>	<u>18,353</u>
DEPRECIATION					
At 1 January 2014	5,674	3,671	12	-	9,357
Charge for year	1,320	460	2	-	1,782
Disposals	(249)	(153)	-	-	(402)
At 31 December 2014	<u>6,745</u>	<u>3,978</u>	<u>14</u>	<u>-</u>	<u>10,737</u>
NET BOOK VALUE					
At 31 December 2014	<u>3,631</u>	<u>578</u>	<u>-</u>	<u>3,407</u>	<u>7,616</u>
At 31 December 2013	<u>4,828</u>	<u>860</u>	<u>2</u>	<u>159</u>	<u>5,849</u>

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

(CONTINUED)

11 CAPITAL COMMITMENTS

Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	<u>2014</u> £'000	<u>2013</u> £'000
Contracted	<u>2,503</u>	<u>437</u>

Capital Commitments relate to investment activity for future products ranges

12 STOCKS

	<u>2014</u> £'000	<u>2013</u> £'000
Raw materials	4,379	4,208
Work in progress	186	151
Finished goods	<u>144</u>	<u>161</u>
	<u>4,709</u>	<u>4,520</u>

As at 31 December 2014 the Company physically held consignment stock from suppliers which was not included in the balance sheet, to a value of £568k (2013 £473k) The replacement cost of stock is not materially different from the historic cost

13 DEBTORS

	<u>2014</u> £'000	<u>2013</u> £'000
Trade debtors	77	79
Amounts owed by immediate parent undertaking	74	8,525
Amounts owed by fellow subsidiary undertakings	18,570	32,728
Prepayments and accrued income	39	158
Value Added Tax	811	669
Corporation Tax	318	-
Deferred corporation taxation	<u>116</u>	<u>155</u>
	<u>20,005</u>	<u>42,314</u>

All other amounts shown fall due for payment within 1 year

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 **(CONTINUED)**

14 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2014</u>	<u>2013</u>
	£'000	(Restated) £'000
Trade creditors	5,040	5,805
Other creditors	839	682
Amounts owed to immediate parent undertaking	5,018	-
Amounts owed to fellow subsidiary undertakings	4,139	5,911
Finance leases	-	2
Taxation and social security	-	115
Accruals and deferred income	801	743
Corporation tax	-	3,840
	<u>15,837</u>	<u>17,098</u>

15 CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	<u>2014</u>	<u>2013</u>
	£'000	(Restated) £'000
Other creditors	<u>863</u>	<u>1,181</u>
	<u>863</u>	<u>1,181</u>

16 OPERATING LEASES

At the end of the financial year, the Company had annual commitments under non-cancellable operating leases as set out below

	<u>Plant, machinery and vehicles</u>	
	<u>2014</u>	<u>2013</u>
	£'000	£'000
Operating leases which expire		
Within one year	97	3
Within two to five years	6	137
Over five years	-	-
	<u>103</u>	<u>140</u>

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

(CONTINUED)

17 DEFERRED TAXATION

	<u>2014</u> £'000	<u>2013</u> £'000
Balance at beginning of year	(157)	(54)
Debited to profit and loss account	<u>41</u>	<u>(103)</u>
Balance at end of year	<u>(116)</u>	<u>(157)</u>
Deferred taxation asset	<u>(116)</u>	<u>(157)</u>

The full potential debtor for deferred taxation and the amount provided at 20% (2013 20%) are as

	<u>2014</u> Full potential debtor £'000	<u>2014</u> Amount provided £'000	<u>2013</u> Full potential debtor £'000	<u>2013</u> Amount provided £'000
Capital Allowances	(81)	(81)	(103)	(103)
Other Timing Differences	<u>(35)</u>	<u>(35)</u>	<u>(54)</u>	<u>(54)</u>
	<u>(116)</u>	<u>(116)</u>	<u>(157)</u>	<u>(157)</u>

18 CALLED UP SHARE CAPITAL

	<u>2014</u> £'000	<u>2013</u> £'000
Authorised 12,000,000 ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>
Allotted, called up and fully paid 8,800,000 ordinary shares of £1 each	<u>8,800</u>	<u>8,800</u>

19 RESERVES

	<u>Profit and loss account</u>	
	<u>2014</u> £'000	<u>2013</u> £'000
Balance at beginning of year	41,491	23,771
Profit for the financial year	12,741	28,420
Dividends declared and paid	(28,400)	(10,700)
Balance at end of year	<u>25,832</u>	<u>41,491</u>

VAILLANT INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONTINUED)

20 PENSION SCHEME

The Company participates in the Vaillant Group Pension Scheme covering the majority of its employees, including the executive directors. The scheme is a funded defined benefit scheme and is financed through separate trustee administered funds. Contributions to the Scheme, which are charged against profits, are based upon actuarial advice following the most recent valuation of the fund as at April 2013. The scheme was closed to new participants from April 2013 and will be closed to future accrual from April 2015. As a result, the Company also operates a defined contribution scheme. Contributions under the defined contribution scheme are charged to the profit and loss account as they become payable. Details of the actuarial valuation of the defined benefit scheme can be found in the accounts of Vaillant Holdings Limited. The pension charge for the Company for the year was £9,322k (2013 £10,149k).

21 CONTINGENT LIABILITIES

As part of its normal trading the Company has issued guarantees as at 31 December 2014 amounting to £20,000 (2013 £20,000) with HSBC in respect of a Customs & Excise Deferment/Duty Guarantee.

The Company has entered into arrangements with HSBC and under these arrangements its cash balances with this bank can be offset against overdrawn balances of other Group companies within the UK who have jointly entered into this arrangement. As at 31 December 2014 the net Group cash balances with HSBC were positive. At 31 December 2014 the potential liability was £NIL (2013 £NIL).

22 RELATED PARTY TRANSACTIONS

During the year Technocargo Logistik GmbH, an associate of the Vaillant Group, provided services amounting to £2,040k (2013 £2,137k). The balance outstanding at year end amounts to £130k (2013 £186k).

During the year Technocargo Limited (UK), an associate of the Vaillant Group, provided services amounting to £98k (2013 £117k). The balance outstanding at year end amounts to £8k (2013 £NIL).

Other than reported above, the company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with wholly owned entities that are included in the consolidated financial statements of Vaillant GmbH.

23 ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Vaillant Home Products Ltd, a company registered in England and Wales, and the parent company of the smallest group of which the Company is a member. Vaillant Home Products Ltd is a wholly owned subsidiary of Vaillant Holdings Ltd.

Copies of the financial statements of Vaillant Home Products Ltd and Vaillant Holdings Ltd can be obtained from Companies House.

Crown Way
Cardiff
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The ultimate holding and controlling company of Vaillant Holdings Ltd is Vaillant GmbH, a company registered in Germany which is the parent of the largest group of which the Company is a member. Copies of these group financial statements can be obtained from www.unternehmensregister.de.