

**HEATMISER UK LIMITED**  
**ANNUAL REPORT AND ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2016**  
**PAGES FOR FILING WITH REGISTRAR**



# HEATMISER UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr G Kay Mr M Kay
<b>Secretary</b>	Mrs S Greenwood
<b>Company number</b>	03747773
<b>Registered office</b>	8 & 9 Hurstwood Court Mercer Way Shadsworth Business Park Blackburn Lancashire BB1 2QU
<b>Auditor</b>	Hindle Jepson & Jennings Ltd 10 Borough Road Darwen Lancashire BB3 1PL
<b>Bankers</b>	National Westminster Bank Plc 35 King William Street Blackburn Lancashire BB1 7DJ

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# HEATMISER UK LIMITED

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# HEATMISER UK LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MAY 2016**

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The directors present the strategic report for the year ended 31 May 2016.

### **Review of the business**

The aim of this report is to present a balanced and comprehensive analysis of the development and performance of the Company's business during the financial year, and of the position at the end of that year. This review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that we face.

The UK market for heating controls remains very competitive and sensitive to price and technological development. The business outlook continues to present a number of challenges in terms of expanding market share and development of new technology.

The Company has continued to invest in developing new technology, and during the current financial year experienced continued growth in sales. We therefore expect future results to show further improvement as the Company continues its expansion.

### **Principal risks and uncertainties**

The Company faces the same risks and uncertainties as other companies operating in the same industry. These have been identified as strong price competition and continued technological advances. We monitor all of these areas and manage the company's activities with these in mind.

### **Financial Instruments (Price risk, credit risk, liquidity risk and cash flow risk)**

The Company's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the Company's operations.

In respect of the bank balances, the liquidity risk is managed by maintaining a balance, and by holding the balance in such a way that it is readily accessible whilst attracting a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by controls over the credit offered to customers and regular monitoring of outstanding amounts. The amount for trade debtors in the accounts is stated net of any provision for bad debts.

The liquidity risk associated with trade creditors is managed by ensuring there are sufficient funds to meet amounts as they fall due.

### **Key performance indicators**

We consider that our key financial indicators which communicate the financial performance and strength of the Company as a whole are turnover, gross profit and net assets.

During the year covered by these accounts, the Company has increased its turnover by 15.09% to £10,401,663 (2015: £9,037,771). Gross profit has increased to 41.84% (2015: 38.86%) and net assets have increased to £4,989,423 (2015: £4,737,017). These improvements have occurred despite difficult economic conditions and despite the company facing strong competition in the market.

# HEATMISER UK LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2016**

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### Results and dividend

The results for the Company are set out in the financial statements. Dividends totalling £2,485,515 have been paid during the year (2015: £1,158,949).

On behalf of the board

A handwritten signature in black ink, appearing to read 'M Kay', with a long horizontal stroke extending to the right.

Mr M Kay

**Director**

20 December 2016

# HEATMISER UK LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MAY 2016**

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The directors present their annual report and financial statements for the year ended 31 May 2016.

### Principal activities

The principal activity of the company continued to be that of the manufacture of electronic components.

### Directors

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

Mr G Kay

Mr M Kay

### Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £2,485,515. The directors do not recommend payment of a final dividend.

### Auditor

The auditor, Hindle Jepson & Jennings Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### 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 M Kay

Director

20 December 2016

# **HEATMISER UK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 MAY 2016**

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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.

# HEATMISER UK LIMITED

## INDEPENDENT AUDITOR'S REPORT TO HEATMISER UK LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

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We have examined the abbreviated accounts set out on pages 6 to 24, together with the financial statements of Heatmiser UK Limited for the year ended 31 May 2016 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

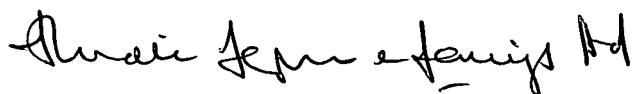
### Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

### Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445 (3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



**David Wood Wilson BA FCA (Senior Statutory Auditor)**  
for and on behalf of Hindle Jepson & Jennings Ltd

20 December 2016

**Chartered Certified Accountants**  
**Statutory Auditor**

10 Borough Road  
Darwen  
Lancashire  
BB3 1PL

# HEATMISER UK LIMITED

## ABBREVIATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2016

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	Notes	2016 £	2015 £
<b>Turnover</b>	<b>3</b>	10,401,663	9,037,771
Other operating income and cost of sales		(6,029,131)	(5,503,393)
Administrative expenses		(1,003,314)	(965,756)
		<hr/>	<hr/>
<b>Operating profit</b>	<b>4</b>	3,369,218	2,568,622
Interest receivable and similar income	<b>7</b>	24,988	30,288
Interest payable and similar charges	<b>8</b>	(443)	-
Amounts written off investments	<b>9</b>	(25,000)	-
		<hr/>	<hr/>
<b>Profit before taxation</b>		3,368,763	2,598,910
Taxation	<b>10</b>	(612,595)	(493,917)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<u>2,756,168</u>	<u>2,104,993</u>

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

# HEATMISER UK LIMITED

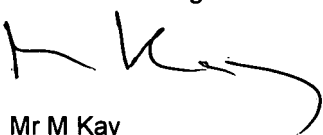
## BALANCE SHEET

AS AT 31 MAY 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	13	231,353		287,930	
Investment properties	14	250,000		275,000	
Investments	15	279,582		267,707	
			760,935		830,637
<b>Current assets</b>					
Stocks	17	1,396,206		1,095,883	
Debtors	18	1,932,945		1,335,131	
Cash at bank and in hand		2,314,193		2,723,420	
			5,643,344		5,154,434
<b>Creditors: amounts falling due within one year</b>	19	(1,375,956)		(1,187,120)	
<b>Net current assets</b>			4,267,388		3,967,314
<b>Total assets less current liabilities</b>			5,028,323		4,797,951
<b>Creditors: amounts falling due after more than one year</b>	20		(14,498)		(17,605)
<b>Provisions for liabilities</b>	23		(6,155)		(43,329)
<b>Net assets</b>			5,007,670		4,737,017
<b>Capital and reserves</b>					
Called up share capital	26	1,000		1,000	
Profit and loss reserves		5,006,670		4,736,017	
<b>Total equity</b>			5,007,670		4,737,017

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 20 December 2016 and are signed on its behalf by:



Mr M Kay  
Director

Company Registration No. 03747773

# HEATMISER UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2014</b>		1,000	182,780	3,632,923	3,816,703
Effect of transition to FRS 102		-	(183,815)	158,085	(25,730)
Effect of change in accounting policy		-	1,035	(1,035)	-
<b>As restated</b>		1,000	-	3,789,973	3,790,973
<b>Year ended 31 May 2015:</b>					
Profit and total comprehensive income for the year		-	-	2,104,993	2,104,993
Dividends	11	-	-	(1,158,949)	(1,158,949)
<b>Balance at 31 May 2015</b>		1,000	-	4,736,017	4,737,017
<b>Year ended 31 May 2016:</b>					
Profit and total comprehensive income for the year		-	-	2,756,168	2,756,168
Dividends	11	-	-	(2,485,515)	(2,485,515)
<b>Balance at 31 May 2016</b>		1,000	-	5,006,670	5,007,670

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MAY 2016

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#### 1 Accounting policies

##### Company information

Heatmiser UK Limited is a company limited by shares incorporated in England and Wales. The registered office is 8 & 9 Hurstwood Court, Mercer Way, Shadsworth Business Park, Blackburn, Lancashire, BB1 2QU.

#### 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.

These financial statements for the year ended 31 May 2016 are the first financial statements of Heatmiser UK Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 June 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 29.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Heatmiser Holdings Limited. These consolidated financial statements are available from its registered office, 8 & 9 Hurstwood Court, Mercer Way, Shadsworth Business Park, Blackburn, Lancashire, BB1 2QU.

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2016

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#### 1 Accounting policies

(Continued)

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Heatmiser UK Limited is a wholly owned subsidiary of Heatmiser Holdings Limited and the results of Heatmiser UK Limited are included in the consolidated financial statements of Heatmiser Holdings Limited which are available from its registered office, 8 & 9 Hurstwood Court, Mercer Way, Shadsworth Business Park, Blackburn, Lancashire, BB1 2QU.

#### 1.2 Going concern

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

#### 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 other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Rental income is recognised on an accruals basis.

#### 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:

Plant and machinery	15% Reducing Balance
Fixtures, fittings & equipment	15% Reducing Balance
Motor vehicles	25% Reducing Balance

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.

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2016

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#### 1 Accounting policies

(Continued)

##### 1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

##### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

##### 1.7 Stocks

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

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

Stock is valued on a FIFO basis.

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

##### 1.8 Cash and cash equivalents

Cash and cash equivalents 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.

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2016

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#### 1 Accounting policies

(Continued)

##### 1.9 Financial instruments

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

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

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

##### **Basic financial assets**

Basic financial assets, which include 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 publically 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.

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

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### 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 receipts 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 in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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.

### 1.10 Equity instruments

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

### 1.11 Taxation

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

#### **Current tax**

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

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2016

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#### 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 profit and loss account, 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.

##### **1.12 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**

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

##### **1.15 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

##### **1.16 Foreign exchange**

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

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

### 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.

### 3 Turnover and other revenue

	2016 £	2015 £
Total turnover	10,401,663	9,037,771
Other significant revenue		
Interest income	24,988	30,288
Grants received	3,107	3,107

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains/(losses)	(10,772)	19,042
Government grants	(3,107)	(3,107)
Fees payable to the company's auditor for the audit of the company's financial statements	6,150	6,000
Depreciation of owned tangible fixed assets	56,038	64,835
Loss on disposal of tangible fixed assets	538	10,675
Cost of stocks recognised as an expense	5,204,975	4,698,440

### 5 Employees

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

	2016 Number	2015 Number
Direct	29	30
Directors	2	2
Administration	10	9
	41	41

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	921,283	874,635
Social security costs	89,845	68,635
Pension costs	36,000	160,000
	<u>1,047,128</u>	<u>1,103,270</u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	162,141	154,213
Company pension contributions to defined contribution schemes	18,000	80,000
	<u>180,141</u>	<u>234,213</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

### 7 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	13,113	12,581
<b>Other income from investments</b>		
Gains on financial instruments measured at fair value through profit or loss	11,875	17,707
Total income	<u>24,988</u>	<u>30,288</u>

### 8 Interest payable and similar charges

	2016 £	2015 £
Other interest	443	-
	<u>443</u>	<u>-</u>

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

### 9 Amounts written off investments

	2016 £	2015 £
Changes in the fair value of investment properties	(25,000)	-

### 10 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	649,769	478,258
<b>Deferred tax</b>		
Origination and reversal of timing differences	(37,174)	15,659
<b>Total tax charge</b>	<b>612,595</b>	<b>493,917</b>

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

	2016 £	2015 £
Profit before taxation	3,368,763	2,598,910
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.83%)	673,753	541,353
Tax effect of expenses that are not deductible in determining taxable profit	640	1,005
Effect of change in corporation tax rate	-	(828)
Effect of revaluations of investments	(2,375)	-
Indexation movement re investment property	(409)	-
Research and development enhanced expenditure	(59,014)	(43,623)
Transition adjustments	-	(3,990)
<b>Tax expense for the year</b>	<b>612,595</b>	<b>493,917</b>

### 11 Dividends

	2016 £	2015 £
Interim paid	2,485,515	1,158,949

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

### 12 Impairments

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

	2016 £	2015 £
In respect of:		
Subsidiaries	91,235	
Recognised in:		
Administrative expenses	91,235	-

### 13 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 June 2015	238,454	81,387	191,784	511,625
Disposals	-	(2,323)	-	(2,323)
At 31 May 2016	238,454	79,064	191,784	509,302
<b>Depreciation and impairment</b>				
At 1 June 2015	139,644	20,749	63,303	223,696
Depreciation charged in the year	14,822	9,096	32,120	56,038
Eliminated in respect of disposals	-	(1,785)	-	(1,785)
At 31 May 2016	154,466	28,060	95,423	277,949
<b>Carrying amount</b>				
At 31 May 2016	83,988	51,004	96,361	231,353
At 31 May 2015	98,811	60,638	128,481	287,930

### 14 Investment property

	2016 £
<b>Fair value</b>	
At 1 June 2015	275,000
Net gains or losses through fair value adjustments	(25,000)
At 31 May 2016	250,000

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

### 14 Investment property

(Continued)

Investment property comprises a commercial property in Darwen, Lancashire. The fair value of the investment property has been arrived at on the basis of a valuation determined by the directors with advice from a local estate agents, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2016 £	2015 £
Cost	103,525	103,525
Accumulated depreciation	(14,411)	(13,376)
Carrying amount	<u>89,114</u>	<u>90,149</u>

### 15 Fixed asset investments

	2016 £	2015 £
Listed investments	<u>279,582</u>	<u>267,707</u>
Listed investments carrying amount	<u>279,582</u>	<u>267,707</u>

#### Financial assets for which fair value cannot be measured reliably

The value of the investment in Heatmiser Control Technology (Beijing) Limited has been measured at cost less impairment. The carrying value of this investment is currently stated at £nil. The fair value of this investment is not disclosed as it cannot be reliably measured due to its complex nature. There is no intention to dispose of this investment.

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

### 15 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 June 2015	-	267,707	267,707
Additions	91,235	-	91,235
Valuation changes	-	11,875	11,875
At 31 May 2016	91,235	279,582	370,817
<b>Impairment</b>			
At 1 June 2015	-	-	-
Impairment losses	91,235	-	91,235
At 31 May 2016	91,235	-	91,235
<b>Carrying amount</b>			
At 31 May 2016	-	279,582	279,582
At 31 May 2015	-	267,707	267,707

### 16 Subsidiaries

Details of the company's subsidiaries at 31 May 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
Heatmiser Control Technology (Beijing) Limited China	Manufacture of electronic components	Registered capital	58.00

### 17 Stocks

	2016 £	2015 £
Raw materials and consumables	659,429	363,890
Finished goods and goods for resale	736,777	731,993
	1,396,206	1,095,883

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

### 18 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,818,367	1,184,342
Other debtors	-	107,738
Prepayments and accrued income	114,578	43,051
	<u>1,932,945</u>	<u>1,335,131</u>

### 19 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	21	240	-
Trade creditors		565,388	586,859
Amounts due to group undertakings		49,515	38,917
Corporation tax		532,201	268,258
Other taxation and social security		179,919	251,145
Other creditors		6,086	2,977
Accruals and deferred income		42,607	38,964
		<u>1,375,956</u>	<u>1,187,120</u>

### 20 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Government grants	24	14,498	17,605
		<u>14,498</u>	<u>17,605</u>

### 21 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	240	-
	<u>240</u>	<u>-</u>
Payable within one year	240	-
	<u>240</u>	<u>-</u>

### 22 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	6,155	43,329
	<u>6,155</u>	<u>43,329</u>

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

### 23 Deferred taxation

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

	Liabilities 2016 £	Liabilities 2015 £
<b>Balances:</b>		
Accelerated capital allowances	10,299	17,901
Investment property	20,019	25,428
Investments	(5,916)	-
Impairment	(18,247)	-
	<u>6,155</u>	<u>43,329</u>
<b>Movements in the year:</b>		2016 £
Liability at 1 June 2015		43,329
Credit to profit or loss		(18,927)
Liability at 31 May 2016		<u>24,402</u>

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

### 24 Government grants

Government grants totalling £20,712 were received in 2015 in respect of fixed assets purchased, there are no unfilled conditions or other contingencies attached to these grants.

£14,498 (2015 £17,605) is included in accruals and deferred income in respect of these.

### 25 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>36,000</u>	<u>160,000</u>

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.

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

### 26 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250,000	250,000
	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>

### 27 Related party transactions

The following amounts were outstanding at the reporting end date:

	<b>Amounts owed to related parties</b>	
	2016 £	2015 £
Entities with control, joint control or significant influence over the company	49,515	38,917
Key management personnel	4,163	-
	<u>53,678</u>	<u>38,917</u>

No guarantees have been given or received.

### 28 Controlling party

The parent company of Heatmiser UK Limited is Heatmiser Holdings Limited.

The ultimate controlling party is Mr G Kay by virtue of his shareholding in the parent company.

The largest group these accounts are consolidated into is Heatmiser Holdings Limited.

### 29 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

# HEATMISER UK LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

### 29 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of equity

	Notes	1 June 2014 £	31 May 2015 £
Equity as reported under previous UK GAAP		3,816,703	4,744,738
Adjustments arising from transition to FRS 102:			
Bond at fair value	1	-	17,707
Deferred tax on investment property	2	(25,730)	(25,428)
Equity reported under FRS 102		<u>3,790,973</u>	<u>4,737,017</u>

#### Reconciliation of profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		2,086,984
Adjustments arising from transition to FRS 102:		
Bond at fair value	1	17,707
Deferred tax on investment property	2	302
Profit reported under FRS 102		<u>2,104,993</u>

#### Notes to reconciliations on adoption of FRS 102

##### 1) Bond at fair value

FRS 102 requires financial instruments to be recognised at fair value. Previously under UK GAAP the company recognised financial instruments on an amortised cost basis. Accordingly a transition asset of £17,707 is recognised in the balance sheet as at 31 May 2015 and the effect on profit for the year ended 31 May 2015 was an additional credit of £17,707.

##### 2) Deferred tax on investment property

FRS 102 requires deferred tax to be recognised on investment properties accounted for at fair value. Previously under UK GAAP the company was only required to recognise deferred tax on investment properties if there was a commitment to sell the property. Accordingly a transition liability of £25,730 was recognised in the balance sheet as at 1 June 2014. The movement to 31 May 2015 reduced this liability to £25,428. The effect on profit for the year ended 31 May 2015 was an additional credit of £302.