

Indesit Company UK Limited

**Directors' report and financial
statements**

Registered number 106725

For the year ended 31 December 2012



Officers and professional advisors

Directors

Antonino Gambuzza
Andrea Giubboni
Andrea Merloni
Marco Milani
John Morrissey
Maurizio Pettorino
Carlos Ramos
Daniele Spadarotto
Enrico Vita

Secretary

Alessia Oddone

Registered Office

Morley Way
Peterborough
PE2 9JB

Bankers

HSBC Bank plc

Solicitors

Taylor Wessing
50 Victoria Embankment
London

Auditors

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Share capital

£76,195,645

VAT No

513936740

Registration number

106725

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2012

Principal activities

The principal activities of the Company are the sale, manufacture, distribution and servicing of domestic appliances

Business review

The UK domestic appliance market increased marginally over 2012 with a higher growth in the first 9 months of the year compared to the final quarter

Refrigeration products were particularly strong in quarter 1 created by a regulation change of refrigeration products from A to A+ energy ratings

The tumble dryer market increased significantly over the summer period assisted by the very wet summer in the UK

In the final quarter of 2012 the second largest retailer Comet went into Administration. This left the remaining retailers rapidly altering their own business strategies in order to gain the share of the market vacated by Comet. This will continue to evolve throughout 2013.

The Company did lose some margin supporting its products over the year but this was offset by the strengthening of the Gbp in relation to the Euro.

Despite this volatility in the market, the Company managed to maintain its dominant market share with a small change in volumes from the Hotpoint to the Indesit brand.

Regarding our competitors Beko continues to increase its market share at the expense of the BSH Group, Whirlpool, Samsung and LG.

A number of new product ranges were introduced over the year. This mainly involved a strategic decision to create Channel Segmentation which involved separating the customer base into 3 distinct customer groups and offering each channel different products to suit their own consumer base.

Service revenue continued to grow by 7% in 2012, predominantly through the continued growth in sales of extended warranties. Operational costs were adversely impacted by increased warranty costs due to the demise of Comet and the resultant expansion of the call centre and field engineer activity as the Comet repair work was brought in house. Customer service levels were temporarily adversely impacted due to the high intake of personnel required, however, they have since returned to satisfactory levels.

During the year the Company changed the inflation factor used for pension increases on its Indesit Company UK Limited defined benefit pension scheme from RPI to CPI. More information is provided in the notes to the financial statements.

Directors' report *(continued)*

Research and development

Research costs expensed in the year amounted to £956,000 (2011 £1,114,000)

Results and dividend

The results for the year are as follows

	2012 £000	2011 £000
Profit on ordinary activities before taxation	87,722	60,095
Tax on profit on ordinary activities	(21,414)	(17,066)
Profit on ordinary activities after taxation	66,308	43,029
Transferred to reserves	66,308	43,029

The Company paid two dividends to General Domestic Appliances Holdings Limited during the year of £40,000,000 (52 5p per share) and £17,170,000 (22 5p per share)

Currency markets

The Company hedged a proportion of the operational exchange rate risk according to the Group hedging policy mentioned below

Risks and Management Policies

The key risks to the business are liquidity risk, currency risk, credit risk, the increase in costs of raw materials, and changes in the governments environmental policy. The central treasury department is responsible for liquidity risk and currency risk through forward currency hedging and options tools. Credit risk is managed through debt factoring and assigning credit limits and by constantly monitoring the creditworthiness of customers. The directors monitor the costs of raw materials and changes in the governments environmental policy and take actions where necessary.

Directors and directors' interests

The directors who held office during the year were as follows

Antonino Gambuzza (appointed 30 May 2012)
 Andrea Giubboni
 Andrea Merloni
 Marco Milani
 John Morrissey
 Maurizio Pettorino (appointed 5 November 2012)
 Carlos Ramos
 Daniele Spadarotto (appointed 5 November 2012)
 Massimo Rosini (resigned 30 May 2012)
 Enrico Vita

Directors' report *(continued)*

None of the directors who held office at the end of the financial year had any disclosable interest in the shares and debentures of the Company. Two of them, namely Andrea Merloni and Marco Milani, are respectively the Chairman and the Chief Executive Officer of the ultimate parent company Indesit Company S.p.A.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company or any other Group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Employees

With the co-operation of its employees and Trade Union Representatives, the Company continuously seeks improved means of exchanging information on the Company's performance, future plans and prospects and to encourage awareness of the market and economic factors which influence the Company's development and growth. As part of such communications, the Company produces a regular newsletter.

The Company has a policy to encourage and assist in the employment of the disabled, their recruitment, training, career development and promotion, and the retention of employees who become disabled.

Political and charitable contributions

The Company made no political contributions during the year (2011: £nil). Donations to UK charities were £nil (2011: £nil).

Significant events subsequent to year end

There are no significant post year end events.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Accounting policies and adoption of international financial reporting standards - IFRSs

The financial statements of Indesit Company UK Limited have been prepared in accordance with International Financial Reporting Standards – IFRSs (hereafter referred to as either IFRS or IAS) adopted by the European Union.

Directors' report *(continued)*

Consolidated Financial Statements

The company elects not to prepare consolidated financial statements in accordance with IAS 27, paragraph 42. The ultimate parent company is Indesit Company S p A and its consolidated financial statements are available to the public and may be obtained from Indesit Company S p A, Viale Aristide Merloni 47, 60044, Fabriano (AN) Italy.

Approach taken

All amounts are stated in £000 (except where stated otherwise). All comparisons in the remainder of this report and in the financial statements have been made with respect to information for the prior year (indicated within brackets). Percentages (margins and changes) are determined with reference to amounts stated in £000.

By order of the board



Maurizio Pettorino

Managing Director

19 June 2013.

Morley Way
Peterborough
PE2 9JB

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 proper 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Botanic House
100 Hills Road
Cambridge
CB2 1AR
United Kingdom

Independent auditors' report to the members of Indesit Company UK Limited

We have audited the financial statements of Indesit Company UK Limited for the year ended 31 December 2012 set out on pages 8 to 51. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council'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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

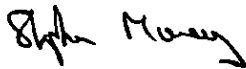
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Indesit Company UK Limited *(continued)*

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



Stephen Muncey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date *19 June 2013*

Statement of comprehensive income
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Revenue	3	664,782	668,069
Cost of sales	4	(527,494)	(526,983)
Selling and distribution expenses	5	(60,297)	(59,454)
General and administrative expenses	6	(19,101)	(18,864)
Other income	7	43,858	23,744
Other expenses	8	(14,824)	(14,793)
Operating profit		86,924	71,719
Net financial income / (charges)	9	798	(11,624)
Profit before tax		87,722	60,095
Taxation	10	(21,414)	(17,066)
Profit for the year		66,308	43,029

All of the above results are derived from continuing activities

The notes on pages 13 to 51 form part of these financial statements

Statement of financial position

as at 31 December 2012

Company Registration number 106725

	Note	2012 £000	2011 £000
Non-current assets			
Property, plant and equipment	11	23,477	25,060
Goodwill	12	39,600	39,600
Other intangible assets with a definite life	12	4,206	3,982
Investment in subsidiary	13	1,726	1,726
Non-current receivables	14	130,449	33,741
Employee benefit assets	24	51,491	9,632
Deferred tax assets	15	1,077	2,339
Total non-current assets		252,026	116,080
Current assets			
Inventories	16	41,400	38,283
Trade and other receivables	17	64,531	48,066
Current financial assets	18	7,740	3,019
Due from tax authorities	19	3,125	2,484
Asset held for sale	11	1,978	-
Cash and cash equivalents	20	142,966	293,340
Total current assets		261,740	385,192
Total assets		513,766	501,272
Equity			
Share capital	21	76,196	76,196
Share premium		44,393	44,393
Hedging reserve		3,319	(2,313)
Retained earnings		4,739	18,880
Result for the year		66,308	43,029
Total equity		194,955	180,185
Non-current liabilities			
Medium to long-term financial payables	22	64,596	62,873
Employee benefit liabilities	24	3,130	3,030
Non-current trade payables	25	12,960	10,362
Provisions for risks and charges	26	629	1,139
Deferred tax liabilities	15	12,516	1,674
Total non-current liabilities		93,831	79,078
Current liabilities			
Current provisions for risks and charges	26	17,989	11,295
Financial payables	27	1,498	11,010
Trade payables	28	177,430	185,625
Due to tax authorities	29	23,482	26,725
Other payables	30	4,581	7,354
Total current liabilities		224,980	242,009
Total liabilities		318,811	321,087
Total equity and liabilities		513,766	501,272

The notes of pages 13 to 51 form part of these financial statements

These financial statements were approved by the board of directors on 19 June 2013 and were signed on its behalf by

Director

Maurizio Pettorino



19 June 2013

Statement of cash flows
for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Profit for the year		66,308	43,029
Income taxes	10	21,414	17,066
Depreciation and amortisation		5,330	6,152
Other non monetary income and expenses		(798)	11,624
(Increase) / decrease in trade and other receivables		(16,465)	46,069
(Increase) / decrease in financial assets		(519)	5
(Increase) / decrease in inventories		(3,117)	1,642
(Decrease) / increase in trade and other payables		(8,195)	7,833
Change in other assets and liabilities		(44,534)	(24,667)
Loss / (profit) on sale of property, plant & equipment		36	(1,914)
Payment of income taxes		(8,805)	(12,606)
Payment of interest		(11)	-
Interest received		233	944
Cash flow from operating activities		10,877	95,177
Investment in tangible fixed assets		(4,673)	(6,015)
Proceeds from disposal of tangible fixed assets		-	2,106
Investments in intangible assets		(1,312)	(2,217)
Increase in other investments		(96,708)	-
Cash flow absorbed by investing activities		(102,693)	(6,126)
Inception of long term financial payables		1,723	1,718
Change in current financial payables		(5,709)	(4,865)
Change in non-current trade payables		2,598	8,791
Payment of dividend		(57,170)	(30,000)
Cash flow absorbed by financing activities		(58,558)	(24,356)
Net increase in cash and cash equivalents		(150,374)	64,695
Cash and cash equivalents, at the start of the year	20	293,340	226,776
Effect of exchange rate fluctuations on cash held		-	1,869
Cash and cash equivalents at 31 December 2012	20	142,966	293,340

The notes on pages 13 to 51 form part of these financial statements

Statement of recognised income and expense
for year ended 31 December 2012

	2012	2011
	£000	£000
Effective portion of changes in fair value of cash flow hedges	5,632	(2,674)
Net expense recognised directly in equity	5,632	(2,674)
Profit for the year	66,308	43,029
Total recognised income and expense for the year	71,940	40,355
Attributable to:		
Equity holders of the Company	71,940	40,355
Total recognised income and expense for the year	71,940	40,355

Statement of changes in equity as at 31 December 2012
as at 31 December 2012

	Share capital £000	Share premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2011	76,196	44,393	361	48,880	169,830
Hedging reserve	-	-	(2,674)	-	(2,674)
Dividend distribution	-	-	-	(30,000)	(30,000)
Profit for the year	-	-	-	43,029	43,029
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	76,196	44,393	(2,313)	61,909	180,185
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2012	76,196	44,393	(2,313)	61,909	180,185
Hedging reserve	-	-	5,632	-	5,632
Dividend distribution	-	-	-	(57,170)	(57,170)
Profit for the year	-	-	-	66,308	66,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	76,196	44,393	3,319	71,047	194,955
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Notes

(forming part of the financial statements)

1 Accounting policies

Company Activities

Indesit Company UK Limited is a company based in the UK, and is active in the production and sale of white goods, namely household appliances for the cooking sector (cookers, ovens and hobs), the refrigeration sector (refrigerators and freezers), the laundry sector (washing machines, dryers and combined washer-dryers) and the dishwashing sector

Going Concern

The Company's business activities are set out in the Business Review section of the Directors' Report on page 1. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent.

The directors, having assessed the responses of the directors of the Company's parent General Domestic Appliances Holdings Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Indesit group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of General Domestic Appliances Holdings Limited, the Company's directors have a reasonable expectation that the Company will be able 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.

Declaration of compliance with international accounting standards and transition to IFRS

The financial statements of the company have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") and their interpretations as endorsed by the EU and effective at 31 December 2012.

IFRS 7 – Financial Instruments

The financial statements have been prepared using IFRS 7 - Financial Instruments.

Basis of preparation

The currency of presentation of the financial statements is sterling (£) and the financial statement balances are stated in thousands sterling (£000) (except where stated otherwise). The financial statements are prepared on an historical cost basis. There are no financial assets that will be held to maturity. Financial transactions are recorded with reference to the trade date.

Notes (continued)

1 Accounting policies (continued)

Accounting estimates

The preparation of financial statements involves making assumptions and estimates that affect the value of assets and liabilities and the related explanatory information, as well as the value of contingent assets and liabilities at the reference date

These estimates are used to value the tangible and intangible assets subject to impairment, as well as to record provisions for doubtful trade receivables, inventory obsolescence, employee benefits, taxation, and risks and charges

The estimates and related assumptions are based on prior experience. Estimates and assumptions are reviewed regularly and, if later estimates differ from those made initially, the effects are immediately reflected in the statement of comprehensive income. If the changes in estimate related to both the current and future periods, their effects are reflected in the statement of comprehensive income for the periods concerned.

Treatment of foreign currency balances and transactions

Foreign currency transactions

All transactions are recorded in the functional currency of the principal operating environment in which the Company operates. Transactions not carried out in the functional currency of the Company are translated to this currency using the exchange rates applying at the time of the related transactions. Monetary assets and liabilities are translated using the exchange rates applying on the accounting reference date and any exchange differences are recorded in the statement of comprehensive income. The non-monetary assets and liabilities recorded at historical cost in the foreign currencies concerned are translated using the historical rates applying at the time of the related transactions. The non-monetary assets and liabilities stated at fair value in the foreign currencies concerned are translated using the exchange rates applying at the time that their fair value was determined.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Notes (continued)

1 Accounting policies (continued)

Cash Flow Hedges

Hedge accounting

The fair value of financial derivatives is determined by a function of the Group treasury office. This office also performs prospective and retrospective tests of the effectiveness of financial derivatives accounted as for hedge accounting purposes.

If the financial instrument created is a hedge against the risk of the variability in the cash flows of a recognised asset or liability, the effective portion of the gains or losses of the financial instrument is recognised within equity, while any ineffective portion is booked through to the statement of comprehensive income.

If the hedge of a forecasted transaction results in the recognition of a non-financial asset or liability, the cash flow hedging reserve is removed from equity and included in the initial cost of the non-financial asset or liability.

If the hedge of a forecasted transaction results in the recognition of a financial asset or liability, the cash flow hedging reserve is booked through to the statement of comprehensive income.

Property, plant and equipment

Investment in own operating assets

Property, plant and equipment are recorded at purchase cost or, if produced internally, at production cost, comprising the cost of materials, labour and a reasonable allocation of overheads and related charges, and stated net of accumulated depreciation and any impairment of value determined on the basis described below. If necessary and significant, the cost of fixed assets includes an initial estimate of dismantling and removal costs. Ordinary maintenance expenses are charged to the statement of comprehensive income, whilst the costs of replacing certain parts and improvement expenditure are capitalised when it is probable that they will generate measurable economic benefits in the future. The financial charges incurred to finance the purchase or production of fixed assets are capitalised when the associated loans relate solely to such assets.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, significant component parts of plant and machinery with different useful lives are depreciated separately. Useful lives are monitored on a constant basis, having regard for changes in the intensity with which these assets are used, any changes in the depreciation schedules are applied on a prospective basis.

Residual value is verified with reference to the estimated present value of expected future cash flows and adjusted, where necessary, every time events suggest that the carrying value of property, plant and equipment may be impaired, or when there is a marked decrease in their market value, significant technological changes or evidence of significant obsolescence. Such write-downs are reversed if the reasons for recording them cease to apply. Land, whether or not used for the construction of civil or industrial buildings, is not depreciated since it is deemed to have an indefinite useful life.

The useful lives of property, plant and equipment are grouped into the following categories:

Category	Useful lives
Buildings and temporary constructions	25 years
Plant and machinery	From 10 to 20 years
Industrial and commercial equipment	From 3 to 7 years
Other assets	
- vehicles and internal transport	From 4 to 10 years
- furniture, IT and office machines	5 years

Notes (continued)

1 Accounting policies (continued)

Goodwill

Goodwill is an intangible asset with an indefinite life, deriving from a business combination recognised using the purchase method of accounting, and is recorded to reflect the positive difference between purchase cost and the value of the Group's equity interest at the time of acquisition, after having recorded all assets, liabilities and identifiable contingent liabilities attributable to both the Group and third parties at their full fair value. The value of goodwill is verified with reference to the cash generating units that benefit from the synergies deriving from the acquisition. The expected cash flows are discounted at the cost of capital, having regard for the specific risks associated with the unit concerned. An impairment is recorded if the recoverable amount, represented by the discounted cash flows, is less than the related carrying amount.

Research and development expenditure

The costs of research incurred to acquire new knowledge are charged in the statement of comprehensive income as incurred. Development expenditure incurred to create new products or improve existing products, or to develop and improve production processes, is capitalised if the innovations made result in technically feasible processes and/or commercially saleable products, on condition that there is an intention to complete the development project, sufficient resources are available for such completion, and the economic costs and benefits deriving from such innovations can be measured reliably. Capitalised expenditure includes both internal and external design costs (including payroll and materials) and the portion of general production costs reasonably attributable to the projects concerned. Capitalised development expenditure is treated as an intangible asset with a finite life and is amortised over the expected period of economic benefit, which is generally deemed to be 5 years. Adjustments are recorded to reflect any impairment identified subsequent to initial recognition.

Other development expenses not meeting the aforementioned criteria are charged in the statement of comprehensive income as incurred.

Other intangible assets

Other intangible assets expected to generate measurable economic benefits are deemed to have a finite life and are accounted for at cost. They are amortised on a straight-line basis over the period of expected economic benefit, which is deemed to be between 5 and 7 years. Adjustments are recorded to reflect any impairment identified subsequent to the initial recognition of these intangible assets.

Trade receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Notes (continued)

1 Accounting policies (continued)

Other current and non-current financial assets

Financial assets held for trading are classified as current assets and measured at fair value, with recognition of any profits or losses in the statement of comprehensive income

Securities and other financial assets classified as available for sale are stated at their fair value. Gains and losses deriving from fair-value measurement are recognised directly, except for impairment losses and exchange rate losses which are charged to the statement of comprehensive income. The deferred gains and losses recognised in equity are released to the statement of comprehensive income at the time of sale.

Receivables maturing beyond one year that do not earn interest or which earn interest at below market rates are discounted using market rate.

The interest earned on financial assets, determined using the effective interest method is booked through the statement of comprehensive income. The fair value of financial assets held for trading and those available for sale is represented by their market price at the balance sheet date.

Inventories

Inventories are stated at the lower of cost or their net realisable value. Cost is determined on a weighted-average cost basis and includes purchasing-related expenses, inclusive of indirect charges, and the costs of converting products and bringing them to their present location and condition. Net realisable value is determined with reference to market prices after deducting completion costs and selling expenses. Obsolete and slow-moving materials and finished products are written down to reflect their estimated realisable value.

Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value, comprise cash on hand, bank deposits and cash deposits held by Group.

Impairment of assets

At each reporting date the Company performs an impairment test on all intangible assets with an indefinite life. With the exclusion of inventories and deferred tax assets and except as discussed in relation to property, plant and equipment, other assets are subjected to impairment testing if events suggest that they may have suffered a loss in value. If the test shows that the recorded assets or a cash generating unit (CGU) have suffered a loss in value, their recoverable value is estimated and the excess carrying value is charged to the statement of comprehensive income. The loss in value of a CGU is allocated first against the related goodwill, if any, and then against the value of other assets. The recoverable value of investments in securities held to maturity and receivables recorded at amortised cost is represented by the present value of future cash flows discounted using the effective interest rate determined at the time of initial recognition. Current receivables are not discounted and the recoverable value of other assets is represented by their selling price, or if greater, by their value in use determined by discounting estimated future cash flows using a market rate. Any losses in the value of securities held to maturity and receivables stated at amortised cost are written back if any subsequent increases in their recoverable value can be determined on an objective basis. If the loss in value of an individual asset cannot be determined, the Group identifies the loss in the value of the CGU to which it belongs.

Notes (continued)

1 Accounting policies (continued)

Share capital

Share capital is recorded at nominal value. Dividends are recognised through the statement of changes in equity in the year in which they are approved.

Employee benefits

The costs of defined contribution plans for employee pensions and similar benefits are charged to the statement of comprehensive income on an accruals basis. The net liability to employees under defined benefit plans, is recorded at the expected future value of the benefits to be received by employees and accrued by them in the current and prior years. These benefits are discounted and the resulting liability is stated net of the fair value of any plan assets. The net liability is determined separately for each plan using actuarial assumptions and is calculated each year, or more frequently, with help from an independent actuary using the projected unit credit method. The benefits are discounted using the rate of interest for a bond with an AA rating and a maturity date that is consistent with the timing of the related payments to employees. The actuarial gains and losses arising subsequent to 1 January 2004, the IFRS transition date, are recorded in the statement of recognised income and expenditure on a straight-line basis over the residual working lives of employees, to the extent that their cumulative net value exceeds by more than 10% the greater of the total liability arising under defined benefit plans or the fair value of the assets servicing these plans (corridor method) at the end of the prior year.

Stock options

Some senior managers based in the UK are granted stock options on the shares of Indesit Company S.p.A. as part of the scheme run by the Group. No stock options are held for Indesit Company UK Limited.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover the Company's obligations, of a legal or implicit nature (under contracts or for other reasons), deriving from past events. Provisions for risks and charges are recorded if the related liabilities are likely to crystallise and the amounts concerned can be estimated reliably. If the settlement of such obligations is expected to take place after more than one year and the effects of this are significant, they are discounted using a rate that takes account of the cost of money and the specific risks associated with the liabilities concerned. Any changes in the estimated amount of provisions are reflected in the statement of comprehensive income in the year identified. In the event of discounting, the increase in the provision due to the passage of time and the effect of any changes in the discounting rate are recorded as a financial charge.

The principal liabilities covered by provisions are described below.

Accrual for WEEE

The accrual for WEEE is recorded at the time the related products are sold. The accrual is determined with reference to the percentage of products sold in the market place and the estimated cost per tonne to fulfil the Company's obligation of the estimated cost of transport and treatment of waste through an Authorised Accredited Treatment Facility.

Notes (continued)

1 Accounting policies (continued)

Provision for product warranty

The provisions for legally-required and voluntary warranty costs are recorded at the time the related products are sold. The provision is determined with reference to the call rate for the products still under warranty cover, the period of time between sell in and sell out (start of the warranty period) and the average unit cost of the work performed.

Income and expenditure

Revenue

Revenues from the sale of goods are recorded when the principal risks and benefits of ownership are transferred to the purchaser. Revenues from the sale of goods are generally recognised when they are handed over to the transport firms which, under the terms of current contracts, mark the time when the above risks and benefits are transferred. Revenues are not recorded if their recoverability is considered to be uncertain.

Revenues are stated net of discounts, allowances, rebates and returns, and do not include the proceeds from the disposal of raw materials and scrap. Revenues from the services are recorded in the statement of comprehensive income based on their stage of completion at the balance sheet date, determined with reference to the work performed or, alternatively, to the percentage of completion with respect to the total.

Grants

Grants from the State or other bodies, recognised in the form of direct payments or tax benefits, are recorded as deferred income in the balance sheet, among other liabilities, at the time their collection becomes reasonably certain or when compliance with all the requirements to obtain them is assured. Capital grants are released to the statement of comprehensive income on a systematic basis as income in order to match the accounting recognition of the costs for which such grants were made.

Operating grants are credited to the statement of comprehensive income at the time the requirements for their recognition are met, or when it becomes certain that they will be recognised in order to offset the eligible costs.

Other income

Other income includes all forms of non-financial revenue not covered above and is recorded on the basis described in relation to revenues from the sale of goods and services.

Expenses

The costs of purchasing goods and services are recorded when the amounts concerned can be determined reliably. The costs of purchasing goods are recognised on delivery which, under the terms of current contracts, marks the time when the related risks and benefits are transferred. The costs of services are recorded on an accruals basis with reference to the time they are received.

Cost of sales

Cost of sales includes all the costs of manufacturing finished products, comprising raw materials, the purchase of components, the cost of direct and indirect labour, internal and external processing, industrial depreciation, all production-related charges, and the provisions for costs to be incurred in relation to products sold.

Selling, distribution, general and administrative expenses

Selling, distribution, general and administrative expenses comprise all the costs incurred to commercialise products and provide services, the costs of distributing products to the Group's warehouses and to customers, general and administrative expenses and related charges, as well as all the other non-financial expenses that are not part of core operating activities.

Notes (continued)

1 Accounting policies (continued)

Leases and rentals

Operating leases and rental charges are expensed on an accruals basis to match the economic benefits deriving from the leased or rented assets. If such economic benefits are less than the related charges, effectively as a result of loss contracts, the difference between the discounted charges and benefits is recorded as a cost in the statement of comprehensive income.

Net financial charges

Net financial charges include the interest expense accrued on all forms of loan, cash discounts allowed to customers for early payment with respect to the agreed terms of sale, financial income from cash and cash equivalents, dividends, and exchange gains and losses, as well as the economic effects recorded in the statement of comprehensive income of valuing the transactions that hedge interest rate and exchange rate risks.

Taxation

Income taxes are recorded in the statement of comprehensive income, except for those relating to transactions reflected directly in shareholders' equity, which are also recorded in shareholders' equity. Income taxes include current taxes and the adjustments to deferred tax assets and liabilities. Current taxes are based on an estimate of the amount that the Company expects to pay by multiplying the taxable income by the tax rate in force on the accounting reference date.

Deferred tax assets and liabilities are recorded using the liability method, considering all the timing differences that emerge between the fiscal value of assets and liabilities and their carrying values in the financial statements.

Deferred tax assets and liabilities are not recognised in relation to goodwill or those assets and liabilities that do not affect taxable income. The recoverability of deferred tax assets is verified at the end of every period. If it is not likely the deferred tax asset will be recovered, the tax asset is charged back to the statement of comprehensive income. Deferred taxation is recorded using the tax rates expected to be in force for the tax periods in which the related timing differences are forecast to reverse or expire.

Deferred tax assets are recorded to the extent it is considered likely that future taxable income will be sufficient to recover such taxes.

Changes in accounting policies, changes in accounting estimates and reclassifications

No revised or new accounting standards have been issued by the International Accounting Standards Board (IASB) or interpretations released by the International Financial Reporting Interpretations Committee (IFRIC), effective from 1 January 2012, with a significant impact on the financial statements.

Notes (continued)

2 Financial Risk Management

The Company is exposed to the following principal financial risks deriving from operations

- Liquidity risk
- Currency risk
- Credit risk

As required by IFRS 7, the following qualitative and quantitative information is provided about the impact of these risks on the Company. The quantitative data deriving from the sensitivity analysis has no value for forecasting purposes and, with regard to the various market risks, cannot reflect the complexity of the market reactions correlated with each change in the assumptions made.

Liquidity risk

The Company defines the liquidity risk as the risk that the Company may be unable to meet its obligations on a timely basis. This risk has two main components:

- funding risk: the risk of not being able to meet financial obligations on the due dates and/or being unable, on a timely basis, to obtain the necessary liquidity on market terms, and
- market risk: the risk that the Company is unable to realise financial investments on a timely basis and on market terms.

The management of liquidity risk is governed by the Group treasury policy approved by the Group board of directors.

The central treasury department is responsible for the management of liquidity risk. Liquidity risk is managed by

- maintaining a balanced capital structure,
- diversifying the various sources of finance,
- spreading the maturities of financial payables over an extended time horizon,
- maintaining unused committed lines of credit,
- establishing limits for maturities and credit counterparts in the management of liquidity.

Currency risk

Currency risk relates to the adverse effects of changes in the exchange rates for foreign currencies on the financial position of the company. The risk the company is bearing is the transaction risk, namely the possibility that exchange rate fluctuations between the date when a financial commitment becomes probable or certain and the related transaction settlement date will give rise to a negative difference between the expected and actual cash flows.

Notes (continued)

2 Financial Risk Management (continued)

The exchange rates used to translate foreign currency amounts and financial captions are set out in the following table

Currency	Year 2012	Closing exchange rate	Currency	Year 2011	Closing exchange rate
	Average exchange rate			Average exchange rate	
Eur	1.23	1.22	Eur	1.15	1.20
Usd	1.59	1.62	Usd	1.60	1.55

The management of currency risk is governed by the Group treasury department. The department uses a combination of forwards and options to hedge against transaction risk.

Credit risk

The management of trade receivables, which represent the Company's principal credit risk exposure, is the responsibility of the Credit Committee (Managing Director, Commercial Director and Finance Director) and the credit manager, who evaluate and assign customer credit limits.

The credit risk associated with doubtful accounts subject to legal action for recovery or other overdue accounts is monitored on a daily basis.

Credit risk is measured on a specific basis by allocating a risk rating to each customer, based on an assessment of creditworthiness that distinguishes between the various types of customer. The risk rating is assigned by the credit manager, on examination for credit, following an assessment of creditworthiness that takes account of both subjective and objective information.

The objective elements considered include

- analysis of financial statements,
- competitive positioning of the company,
- information about the potential customer obtained from databases,

The subjective elements considered include

- acquired experience,
- network of relations,
- assessment of the customer's growth prospects

The credit rating for each customer is reviewed periodically.

The credit risk deriving from commercial transactions is mitigated by the use of debt factoring and the retention of title of goods.

Notes (continued)

3 Revenue

Revenue is analysed as follows

	2012 £000	2011 £000
Revenues from finished products sold	528,486	540,216
Revenues from services	136,296	127,853
	<hr/>	<hr/>
Total revenue	664,782	668,069
	<hr/>	<hr/>

Revenues from the provision of services relate to services provided to customers (mainly transport) and to end consumers (mainly after-sales maintenance) and to the sale of extended warranties beyond the legal minimum period

4 Cost of sales

Cost of sales comprises the cost of raw materials and components, external processing, direct and indirect labour, the depreciation of property, plant and equipment, internal movements and logistics, inventory write-downs, provisions for product warranty and provisions for risks and charges. The following table analyses the nature of costs of sales

	2012 £000	2011 £000
Changes in the inventories of finished products	1,575	(2,105)
Purchase of products, raw materials, components and change in inventories	(452,614)	(457,921)
Services	(34,252)	(26,630)
Payroll costs	(38,561)	(36,522)
Depreciation of tangible fixed assets	(3,050)	(2,863)
Amortisation of intangible fixed assets	(592)	(942)
	<hr/>	<hr/>
Total cost of sales	(527,494)	(526,983)
	<hr/>	<hr/>

Notes (continued)

5 Selling and distribution expenses

Selling and distribution expenses comprise all the costs incurred to commercialise products and provide services, as well as the costs of distributing products to the Company warehouses and to customers. The following table analyses the nature of selling and distribution costs

	2012 £000	2011 £000
Services	(37,698)	(38,352)
Payroll costs	(22,405)	(20,956)
Depreciation of tangible fixed assets	(151)	(118)
Amortisation of intangible fixed assets	(43)	(28)
Total selling and distribution expenses	(60,297)	(59,454)

6 General and administration expenses

General and administrative expenses include all general management and administrative costs, and all expenditure not directly attributable to production or sales units. The following table analyses the nature of general and administrative expenses

	2012 £000	2011 £000
Services	(10,125)	(10,495)
Auditors remuneration (audit services)	(176)	(185)
Auditors remuneration (other services)	(181)	(138)
Payroll costs	(7,125)	(5,845)
Depreciation of tangible fixed assets	(1,041)	(1,198)
Amortisation of intangible fixed assets	(453)	(1,003)
Total general and administration expenses	(19,101)	(18,864)

7 Other income

Other income is analysed as follows

	2012 £000	2011 £000
Royalties from Indesit Group	5,295	5,497
VAT (Fleming claim)	1,648	-
Gain on the disposal of fixed assets	-	1,914
Eco Saving Energy Project Award	250	394
Defined benefit pension scheme – curtailment	-	2,679
Defined benefit pension scheme – change from RPI to CPI	36,665	13,260
Total other income	43,858	23,744

Notes (continued)

8 Other expenses

	2012 £000	2011 £000
Royalties to Indesit Group	(720)	-
Defined benefit pension scheme	(2,561)	(2,043)
Defined contribution pension scheme	-	(1,025)
Redundancy	(448)	(265)
Cost sharing from Indesit Group	(11,059)	(10,760)
Loss on the disposal of fixed assets	(36)	-
Property restructuring	-	(700)
Total other expenses	(14,824)	(14,793)

9 Net financial income / (charges)

	2012 £000	2011 £000
Interest income	1,683	1,300
Pension scheme	607	266
Interest expenses	(2,210)	(2,009)
Exchange rate fluctuations	1,735	(10,091)
Other financial charges	(1,017)	(1,090)
Total net financial charges	798	(11,624)

10 Income taxes

Recognised in the statement of comprehensive income	2012 £000	2011 £000
Current tax expense		
Current year	(10,921)	(10,866)
Adjustment for prior years	(186)	(128)
	(11,107)	(10,994)
Deferred tax expense		
Origination and reversal of temporary differences	(10,307)	(6,072)
	(10,307)	(6,072)
Total tax expense in statement of comprehensive income	(21,414)	(17,066)

Notes (continued)

10 Income taxes (continued)

The standard rate of current tax for the year, based on the main UK rate of corporation tax, is 24.5% (2011 26.5%)
 A reconciliation of the expected tax charge based on this standard rate to the actual current tax is as follows

Reconciliation of effective tax rate

	2012 £000	2011 £000
Profit before tax	87,722	60,095
Current tax at 24.5% (2011 26.5%)	<u>21,492</u>	<u>15,925</u>
Effects of		
Non tax deductible expenses	449	298
Deferred tax reduced from 25% to 23%	(713)	137
Closure of industrial building allowances	-	578
Under provided in prior years	186	128
Total tax in statement of comprehensive income	<u>21,414</u>	<u>17,066</u>

Notes (continued)

11 Property, plant and equipment

	Land and Buildings £000	Plant and equipment £000	Fixtures & fittings £000	Asset under Construction £000	Total £000
Cost					
Balance at 1 January 2011	25,389	105,214	10,886	1,731	143,220
Acquisitions	81	3,448	4	2,482	6,015
Disposals	(649)	(53,698)	(940)	-	(55,287)
Transfers	584	806	18	(1,432)	(24)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	25,405	55,770	9,968	2,781	93,924
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2012	25,405	55,770	9,968	2,781	93,924
Acquisitions	139	2,281	-	2,253	4,673
Disposals	-	(5,519)	(324)	-	(5,843)
Transfers	(9,905)	2,277	-	(2,707)	(10,335)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	15,639	54,809	9,644	2,327	82,419
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
Balance at 1 January 2011	(18,293)	(92,293)	(9,196)	-	(119,782)
Depreciation charge for the year	(105)	(3,393)	(681)	-	(4,179)
Disposals	634	53,608	855	-	55,097
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	(17,764)	(42,078)	(9,022)	-	(68,864)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2012	(17,764)	(42,078)	(9,022)	-	(68,864)
Depreciation charge for the year	(400)	(3,306)	(536)	-	(4,242)
Disposals	-	5,483	324	-	5,807
Transfers	8,357	-	-	-	8,357
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	(9,807)	(39,901)	(9,234)	-	(58,942)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 1 January 2011	7,096	12,921	1,690	1,731	23,438
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011 and 1 January 2012	7,641	13,692	946	2,781	25,060
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	5,832	14,908	410	2,327	23,477
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Property, plant and equipment (continued)

Transfers for the year ended 31 December 2011 and 2012 do not net to zero. The 31 December 2011 residual balances represent transfers between property, plant and equipment and intangible fixed assets (see note 12).

As at 31 December 2012 the property held in Kimmel Park North Wales was transferred as an asset held for sale at a value of £1,978,000.

Outstanding orders placed for the supply of future capital expenditure for the year ended 31 December 2012 is £0.1 million (2011: £0.1 million).

Total assets under construction amount to £4.4 million (2011: £3.8 million).

Non-cancellable operating leases

The minimum future payments under non-cancellable operating leases are analysed by maturity band below:

	2012 £'000
Within 1 year	6,306
Between 1 and 5 years	16,116
Beyond 5 years	7,817
	<hr/>
	30,239
	<hr/>

The statement of comprehensive income reflects rental charges incurred under operating leases of £9,887,000 (2011: £9,488,000).

The company leases a number of warehouse and factory facilities under operating leases. The leases run between 1 and 25 years. Lease payments are renewed according to the lease agreement in place.

Notes (continued)

12 Intangible fixed assets

	Goodwill	Patents and trade-marks	Development Costs	Under Construction	Total
Cost	£000	£000	£000	£000	£000
Balance at 1 January 2011	44,000	9,375	8,942	293	62,610
Acquisitions	-	30	1,208	979	2,217
Disposals	-	-	(6,369)	-	(6,369)
Transfers	-	223	91	(290)	24
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	44,000	9,628	3,872	982	58,482
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2012	44,000	9,628	3,872	982	58,482
Acquisitions	-	134	-	1,178	1,312
Disposals	-	-	(1,008)	-	(1,008)
Transfers	-	44	-	(44)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	44,000	9,806	2,864	2,116	58,786
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation and impairment					
Balance at 1 January 2011	(4,400)	(7,498)	(7,396)	-	(19,294)
Amortisation for the year	-	(1,032)	(941)	-	(1,973)
Disposals	-	-	6,367	-	6,367
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	(4,400)	(8,530)	(1,970)	-	(14,900)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2012	(4,400)	(8,530)	(1,970)	-	(14,900)
Amortisation for the year	-	(497)	(591)	-	(1,088)
Disposals	-	-	1,008	-	1,008
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	(4,400)	(9,027)	(1,553)	-	(14,980)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 1 January 2011	39,600	1,877	1,546	293	43,316
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011 and 1 January 2012	39,600	1,098	1,902	982	43,582
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	39,600	779	1,311	2,116	43,806
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Intangible fixed assets (continued)

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38

The development costs are all internally developed. All other intangible fixed assets are externally purchased.

The goodwill relates to the trade and assets of Merloni Domestic Appliances Limited acquired in 2003.

The asset was subjected to an impairment test as at 31 December 2012. The test performed did not identify the need to adjust the carrying value of the asset.

13 Investment in subsidiary

On 1st February 2009 the Company transferred its commercial and service operations in The Republic of Ireland to a new company Indesit Ireland Limited, registered in Ireland. The Company holds 100% of the ordinary shares in the company.

	2012 £000	2011 £000
Indesit Ireland Ltd	1,726	1,726

14 Non-current receivables

	2012 £000	2011 £000
Receivables from Group undertakings	130,180	33,472
Other receivables	269	269
Total non-current receivables	130,449	33,741

The receivables from group undertakings are expected to be recovered in a period of greater than 1 year.

Notes (continued)

15 Deferred tax

Deferred tax assets and liabilities and the related changes during the year are analysed in the following table

	Balance at 1 Jan 2012	Charge in statement of comprehensive income	Debit in equity	Balance at 31 Dec 2012
	£000	£000	£000	£000
Deferred tax assets				
Defined benefit pensions asset	758	(38)	-	720
Defined contribution pensions Liability	256	(256)	-	-
Derivatives	786	-	(786)	-
Accelerated capital allowances	539	(182)	-	357
	<u>2,339</u>	<u>(476)</u>	<u>(786)</u>	<u>1,077</u>
Deferred tax liabilities				
Defined benefit pensions liability	(1,674)	(9,831)	-	(11,505)
Derivatives	-	-	(1,011)	(1,011)
	<u>(1,674)</u>	<u>(9,831)</u>	<u>(1,011)</u>	<u>(12,516)</u>
Net total	<u>665</u>	<u>(10,307)</u>	<u>(1,797)</u>	<u>(11,439)</u>

Of the £1 0 million deferred tax asset £0 7 million relates to the Irish Defined Benefit Pension Scheme and the Jubilee and Retirement Awards Scheme (note 24)

Of the £12 5 million deferred tax liability £11 5 million relates to the Indesit Company UK Pension Scheme (note 24)

16 Inventories

	2012 £000	2011 £000
Finished products	26,502	25,549
Spare parts	10,713	10,091
Raw materials	6,217	4,659
	<u>43,432</u>	<u>40,299</u>
Total gross inventories	43,432	40,299
Provisions	(2,032)	(2,016)
	<u>41,400</u>	<u>38,283</u>
Total net inventories	<u>41,400</u>	<u>38,283</u>

Notes (continued)

17 Trade and other receivables

Trade receivables comprise amounts due from customers as a result of commercial transactions and the provision of services, stated net of provisions for bad debts

	2012 £000	2011 £000
Trade receivables due from Group undertakings	26,429	24,610
Trade receivables	35,927	21,587
Total trade receivables	62,356	46,197
Other receivables	2,925	2,684
Provisions	65,281 (750)	48,881 (815)
Total trade and other receivables	64,531	48,066

18 Current financial assets

	2012 £000	2011 £000
Derivatives used for hedging	6,684	2,982
Interest on cash deposits	-	37
Interest on inter-company loan	1,056	-
Total due from current financial assets	7,740	3,019

19 Due from tax authorities

	2012 £000	2011 £000
Corporation tax	3,125	2,484
Total due from tax authorities	3,125	2,484

Notes (continued)

20 Cash and cash equivalents

Cash and cash equivalents include bank, postal deposits and cash deposits with other Indesit Group subsidiaries as well as cheques and other amounts on hand. The changes in liquidity during the year are analysed in the statement of cash flows

	2012 £000	2011 £000
Cash and cash equivalents	25,017	71,417
Cash deposits held by Group	117,949	221,923
	<hr/>	<hr/>
Total cash and cash equivalents	142,966	293,340
	<hr/>	<hr/>

21 Share capital

	2012 £000	2011 £000
Share capital (£1 ordinary shares)	76,196	76,196
	<hr/>	<hr/>
Authorised, called up and fully paid	76,196	76,196
	<hr/>	<hr/>

Retained profits amount to £71.0 million (2011 retained earnings of £61.9 million)

22 Medium to long-term financial payables

	2012 £000	2011 £000
Loans from UK Group undertakings	64,596	62,873
	<hr/>	<hr/>
	64,596	62,873
	<hr/>	<hr/>

Loans include accrued interest charges of £34.3 million (2011 £32.6 million)

Long term loan analysis		2012			2011		
	Interest rate	Loan £000	Interest £000	Total £000	Loan £000	Interest £000	Total £000
Amounts outstanding							
Loan from General Domestic Appliances Holdings Ltd	4.6%	30,312	34,284	64,596	30,312	32,561	62,873
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current loans		30,312	34,284	64,596	30,312	32,561	62,873
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

23 Contingent liabilities

There are no contingent liabilities that the management are aware of

Notes (continued)

24 Employee benefits

The Company operated two defined benefit pension funds, one UK and the other Irish. The UK scheme is closed to future accruals.

The UK and the Irish scheme are wholly funded schemes.

	2012 £000	2011 £000
UK Pension scheme	51,491	9,632
Total employee benefit assets	51,491	9,632
Ireland Pension scheme	(1,440)	(1,188)
Jubilee award scheme	(1,690)	(1,842)
Total employee benefit liabilities	(3,130)	(3,030)
Net Employee benefits balance	48,361	6,602

UK pension scheme

Movement in surplus/(deficit) during the year

	2012 £000	2011 £000
Present value of defined benefit obligations	274,251	279,815
Fair value of plan assets	(250,853)	(227,246)
Present value of net obligations	23,398	52,569
Unrecognised actuarial gains and losses	(74,889)	(62,201)
Recognised asset for defined benefit obligations	(51,491)	(9,632)
Total employee benefits	(51,491)	(9,632)

Movements in present value of defined benefit obligation

	2012 £000	2011 £000
At 1 January	279,815	275,840
Current service cost	-	3,134
Interest cost	13,489	14,669
Benefits paid from plan assets	(9,161)	(8,397)
Expenses paid	-	(323)
Premiums paid	-	(129)
Contributions by members	-	1,489
Actuarial gain	26,773	9,944
Plan curtailment	-	(3,152)
Past service cost – RPI to CPI	(36,665)	(13,260)
At 31 December	274,251	279,815

Notes (continued)

24 Employee Benefits (continued)

UK Pension scheme

Movements in fair value of plan assets

	2012 £000	2011 £000
At 1 January	227,246	222,571
Expected return on plan assets	14,257	15,021
Contributions by employer	6,870	7,288
Contributions by members	-	1,489
Benefits paid from plan assets	(9,161)	(8,397)
Expenses paid	-	(323)
Premiums paid	-	(129)
Actuarial loss / (gain)	11,641	(10,274)
	<hr/>	<hr/>
At 31 December	250,853	227,246
	<hr/>	<hr/>

Expenses and income recognised in the statement of comprehensive income

	2012 £000	2011 £000
Current service costs	-	3,134
Interest on defined benefit pension plan obligation	13,489	14,669
Expected return on defined benefit plan assets	(14,257)	(15,021)
Amortisation of net loss	2,444	1,144
Plan curtailments	-	(2,679)
Past service cost – RPI to CPI	(36,665)	(13,260)
	<hr/>	<hr/>
Total	(34,989)	(12,013)
	<hr/>	<hr/>

The expense and income is recognised in the following line items in the statement of comprehensive income

	2012 £000	2011 £000
Cost of sales	-	1,274
Selling and distribution expenses	-	688
General and administrative expenses	-	295
Other income	(36,665)	(15,939)
Other expenses	2,444	2,021
Net financial charges	(768)	(352)
	<hr/>	<hr/>
	(34,989)	(12,013)
	<hr/>	<hr/>

Notes (continued)

24 Employee Benefits (continued)

UK Pension scheme (continued)

The fair value of the plan assets and the return on these assets were as follows

	2012 Fair value £000	2011 Fair value £000
Equities	134,145	124,985
Corporate bonds	116,708	102,261
	<u>250,853</u>	<u>227,246</u>
Actual return on plan assets	<u>25,898</u>	<u>4,747</u>

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages)

	2012	2011
Discount rate	4.50%	4.90%
Inflation rate (RPI)	3.20%	3.10%
Salary increases	3.20%	3.10%

The long term expected rate of return on investments was as follows

	2012	2011
Equities	7.40%	7.40%
Bonds	4.90%	4.90%

The history of the plans for the current and prior periods as follows

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of defined benefit obligation	274,251	279,815	275,840	268,881	197,438
Fair value of plan assets	(250,853)	(227,246)	(222,571)	(195,806)	(169,264)
Deficit	<u>23,398</u>	<u>52,569</u>	<u>53,269</u>	<u>73,075</u>	<u>28,174</u>

Notes (continued)

24 Employee Benefits (continued)

UK Pension scheme (continued)

Experience adjustments

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Experience adjustments on plan assets	11,641	(10,274)	12,412	19,653	(87,973)
Experience adjustments on plan assets as a % of plan assets	4.6%	(4.5%)	5.5%	10.0%	(52.0%)
Experience adjustments on plan liabilities	-	-	15,259	-	-
Experience adjustments on plan liabilities as a % of plan assets	-	-	5.5%	-	-
Experience adjustments	<u>11,641</u>	<u>(10,274)</u>	<u>27,671</u>	<u>19,653</u>	<u>(87,973)</u>

The company expects to contribute approximately £7,089,000 to its defined benefit plan in the next financial year

The majority of pension accruals from the Defined Benefit Scheme increased in line with the Retail Price Index (RPI). The pension scheme rules allow the Company a choice as to the index to be used to determine pension increases. During 2012 the company entered into a 60 day consultation period with the active members of the scheme and communicated the change to the Deferred and Pensioners for future pension increases to be in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

After the communication process an adjustment has been made of £36,665,000 to reflect the reduction of future pension increases from RPI (3.20%) to CPI (1.90%).

Notes (continued)

24 Employee Benefits (continued)

UK Pension scheme (continued)

Adoption of IAS 19

IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 and must be applied retrospectively. The Company expects the principal impacts to be as follows. The amendment abolishes the 'corridor' method of recognising actuarial gains and losses, which must now be recognised immediately in other comprehensive income (OCI), and also requires immediate recognition in profit or loss of past service cost. Under the amended IAS 19 the interest income on plan assets recognised in profit or loss is calculated by applying the rate used to discount the plan's liabilities, rather than their long-term expected rate of return, which changes the amount of the total return on plan assets recognised in OCI. The expected amount of administration costs was previously charged against interest income in profit or loss but under the amended standard asset management costs are charged to OCI while other administration costs are charged to operating profit.

The combined effect of these changes at 31 December 2012 will be as follows -

Indesit Company UK pension scheme - to turn the Company's employee benefits asset of £51.5m into a net defined benefit liability in the statement of financial position of £23.4m, to increase the net finance cost by £3.2m and to decrease administrative expenses and increase operating profit by £2.4m.

Indesit Ireland pension scheme - to increase the Company's net defined benefit liability in the statement of financial position from £1.4m to £5.8m, to increase the net finance cost by £0.03m and to decrease administrative expenses and increase operating profit by £0.1m.

The Company continues to assess the impact of the amended standard's requirement to recognise employee contributions over the employee's period of service, rather than as the contributions are received.

Defined contribution plans

The company operates a defined contribution plan.

The total expense relating to the plan in the current year was £1,864,000 (2011 £1,025,000).

Notes (continued)

24 Employee Benefits (continued)

Irish pension scheme (continued)

Irish pension scheme

	2012 £000	2011 £000
Present value of defined benefit obligations	13,280	11,122
Fair value of plan assets	(7,520)	(7,152)
Present value of net obligations	5,760	3,970
Unrecognised actuarial gains and losses	(4,320)	(2,782)
Recognised liability for defined benefit obligations	1,440	1,188
Total employee benefits	1,440	1,188

Movements in present value of defined benefit obligation

	2012 £000	2011 £000
At 1 January	11,122	10,621
Interest cost	535	546
Benefits paid from plan assets	(328)	(384)
Actuarial loss	2,206	653
Exchange adjustments	(255)	(314)
At 31 December	13,280	11,122

Movements in fair value of plan assets

	2012 £000	2011 £000
At 1 January	(7,152)	(7,859)
Expected return on plan assets	(374)	(460)
Contributions by employer	-	-
Benefits paid from plan assets	328	384
Actuarial (loss) / gain	(487)	550
Exchange adjustments	165	233
At 31 December	(7,520)	(7,152)

Notes (continued)

24 Employee Benefits (continued)

Irish pension scheme (continued)

Expense recognised in the income statement

	2012 £000	2011 £000
Amortisation of net loss	117	22
Interest on defined benefit pension plan obligation	535	546
Expected return on defined benefit pension plan assets	(374)	(460)
	<hr/>	<hr/>
	278	108
	<hr/>	<hr/>

The expense is recognised in the following line items in the statement of comprehensive income

	2012 £000	2011 £000
Other expenses	117	22
Net financial charges	161	86
	<hr/>	<hr/>
	278	108
	<hr/>	<hr/>

Notes (continued)

24 Employee Benefits (continued)

Irish pension scheme (continued)

The fair value of the plan assets and the return on these assets were as follows

	2012 Fair value £000	2011 Fair value £000
Equities	4,534	4,055
Corporate bonds	2,986	3,097
	<u>7,520</u>	<u>7,152</u>

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages)

	2012	2011
Discount rate	3.60%	5.00%
Inflation rate	2.00%	2.00%
Salary increases	3.50%	4.00%

The long term expected rate of return in investments was as follows

	2012	2011
Equities	7.40%	7.75%
Bonds	3.40%	3.90%

The history of the plans for the current and prior periods as follows

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of defined benefit obligation	13,280	11,122	10,621	10,049	12,359
Fair value of plan assets	(7,520)	(7,152)	(7,859)	(7,623)	(9,073)
	<u>5,760</u>	<u>3,970</u>	<u>2,762</u>	<u>2,426</u>	<u>3,286</u>
Deficit					

Jubilee and Retirement Award schemes

The directors have estimated the provision required for the retirement award scheme at £1.7 million (2011: £1.8 million) based on the estimated number of staff who will remain with the Company for the requisite period of 25 and 40 years.

Notes *(continued)*

25 Non current trade payables

	2012	2011
	£000	£000
Trade payables to Group undertakings	12,960	10,362
Total non current trade payables	12,960	10,362

The payables to group undertakings are expected to be paid in a period of greater than 1 year

Notes (continued)

26 Provisions for risks and charges

Non-current risks and charges

	Balance at 1 Jan 12 £000	Charged to statement of comprehensive Income £000	Use of Provision £000	Reclassify £000	Net £000	Balance at 31 Dec 2012 £000
Warranty provision	120	-	-	-	-	120
Other risk provision	1,019	-	-	(510)	(510)	509
Total provisions	1,139	-	-	(510)	(510)	629

Current risks and charges

	Balance at 1 Jan 12 £000	Charged to statement of comprehensive Income £000	Use of Provision £000	Reclassify £000	Net £000	Balance at 31 Dec 2012 £000
Product liability provision	3,257	6,291	(178)	-	6,113	9,370
Warranty provision	5,170	6,110	(5,170)	-	940	6,110
Other risk provision	504	44	(522)	510	32	536
Employee Liability	410	385	(119)	-	266	676
Reorganisation fund	1,954	-	(657)	-	(657)	1,297
Total provisions	11,295	12,830	(6,646)	510	6,694	17,989

The provision for product warranty represents the estimated costs to be incurred for work under warranty on products sold. The provision is determined with reference to the call rate for the products still under warranty cover, the period of time between sell in and sell out (start of the warranty period) and the average unit cost of the work performed. The provision is calculated with reference to the expected time distribution of the work to be performed.

The other risk provision relates to property onerous leases.

Notes (continued)

27 Financial payables

	2012 £000	2011 £000
Liability from the measurement of derivative instruments	328	9,803
Payable to factor	1,083	922
Interest and currency commission payable	87	285
	<hr/>	<hr/>
Total financial payables	1,498	11,010
	<hr/>	<hr/>

28 Trade payables

Trade payables comprise all the amounts due for the purchase of goods and services from the Company's suppliers. All payables fall due within one year. No amounts have been discounted.

	2012 £000	2011 £000
Trade payables to Group undertakings	115,914	133,209
Other trade payables	61,516	52,416
	<hr/>	<hr/>
Total trade payables	177,430	185,625
	<hr/>	<hr/>

29 Due to tax authorities

	2012 £000	2011 £000
Corporation tax	4,024	4,066
VAT payable	17,279	20,781
Taxes withheld from employees	2,179	1,878
	<hr/>	<hr/>
Total due to tax authorities	23,482	26,725
	<hr/>	<hr/>

30 Other payables

Other payables are analysed as follows

	2012 £000	2011 £000
Due to social security & pensions institutions	552	1,594
Due to employees	3,603	3,506
Other payables	426	2,254
	<hr/>	<hr/>
Total other payables	4,581	7,354
	<hr/>	<hr/>

Notes (continued)

31 Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

	<i>Note</i>	Carrying amount 2012 £000	2011 £000
Non-current receivables	14	130,449	33,741
Receivables	17	64,531	48,066
Cash and cash equivalents	20	142,966	293,340
Interest receivable	18	1,056	37
Forward exchange contracts used for hedging			
Options	18	5,523	2,854
Other forward exchange contracts.			
Forwards	18	1,161	128
		<u>345,686</u>	<u>378,166</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was

	<i>Note</i>	Carrying amount 2012 £000	2011 £000
United Kingdom		36,027	21,246
Euro-zone countries		20,167	20,976
Other European countries		5,932	3,874
Other regions		230	101
	17	<u>62,356</u>	<u>46,197</u>

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was

	<i>Note</i>	Carrying amount 2012 £000	2011 £000
Appliances		54,760	39,527
Service		7,596	6,670
	17	<u>62,356</u>	<u>46,197</u>

Notes (continued)

31 Financial instruments (continued)

Credit risk (continued)

The ageing of trade receivables at the reporting date was

Note	Gross 2012 £000	Impairment 2012 £000	Gross 2011 £000	Impairment 2011 £000
Not past due	31,813	171	17,214	351
Past due 0-30 days	1,848	11	3,238	3
Past due 31-120 days	1,430	276	1,099	103
Past due 121-365 days	950	247	123	171
More than one year	(114)	45	(87)	187
	<hr/>	<hr/>	<hr/>	<hr/>
	35,927	750	21,587	815
Trade receivables from Group	26,429	-	24,610	-
	<hr/>	<hr/>	<hr/>	<hr/>
17	62,356	750	46,197	815
	<hr/>	<hr/>	<hr/>	<hr/>

The impairment is made against the debt invoiced to the customer and is not reduced by credits not agreed with the customer

The movement in the allowance for impairment in respect of trade receivables during the year was as follows

	2012 £000	2011 £000
Balance at 1 January	815	724
Impairment loss released / (recognised)	(65)	91
	<hr/>	<hr/>
Balance at 31 December	750	815
	<hr/>	<hr/>

Notes (continued)

31 Financial instruments (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities

31 December 2012

	<i>Note</i>	Carrying Amount £000	Contractual cash flows £000	1 year or less £000	More than 1 year £000
Non-derivative financial liabilities					
Loans from group Companies	22	64,596	(64,596)	-	(64,596)
Non-current trade payables	25	12,960	(12,960)	-	(12,960)
Trade and other payables	28	177,430	(177,430)	(177,430)	-
Derivative financial liabilities					
Forward exchange contracts used for hedging					
Inflow	18	(1,161)	35,560	35,560	-
Other forward exchange contracts					
Inflow	18	(5,523)	-	-	-
		<u>248,302</u>	<u>(219,426)</u>	<u>(141,870)</u>	<u>(77,556)</u>

31 December 2011

	<i>Note</i>	Carrying Amount £000	Contractual cash flows £000	1 year or less £000	More than 1 year £000
Non-derivative financial liabilities					
Loans from group Companies	22	62,873	(62,873)	-	(62,873)
Non-current trade payables	25	10,362	(10,362)	-	(10,362)
Trade and other payables	28	185,625	(185,625)	(185,625)	-
Derivative financial liabilities					
Forward exchange contracts used for hedging					
Inflow	18	(128)	14,760	14,760	-
Other forward exchange contracts					
Inflow	18	(2,854)	-	-	-
		<u>255,878</u>	<u>(244,100)</u>	<u>(170,865)</u>	<u>(73,235)</u>

Notes (continued)

31 Financial instruments (continued)

Currency risk

The Company's exposure to foreign currency risk is as follows based on notional amounts

31 December 2012

	Note	Total £000	Gbp £000	Eur £000	Usd £000
Trade receivables	17	62,356	35,966	26,134	256
Trade payables	28	(177,430)	(42,356)	(132,232)	(2,842)
		<u>(115,074)</u>	<u>(6,390)</u>	<u>(106,098)</u>	<u>(2,586)</u>

31 December 2011

	Note	Total £000	Gbp £000	Eur £000	Usd £000
Trade receivables	17	46,197	20,681	25,413	103
Trade payables	28	(185,625)	(31,666)	(153,063)	(896)
		<u>(139,428)</u>	<u>(10,985)</u>	<u>(127,650)</u>	<u>(793)</u>

The following significant exchange rates applied during the year

Gbp – 1	Average rate		Spot rate	
	2012	2011	2012	2011
Eur	1.23	1.15	1 22	1 20
Usd	1.59	1 60	1 62	1 55

Notes (continued)

31 Financial instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows

	<i>Note</i>	31 December 2012		31 December 2011	
		Carrying Amount £000	Fair value £000	Carrying Amount £000	Fair Value £000
Non-current receivables	14	130,449	130,449	33,741	33,741
Receivables	17	64,531	64,531	48,066	48,066
Cash and cash equivalents	20	142,966	142,966	293,340	293,340
<i>Forward exchange contracts used for hedging</i>					
Assets	18	7,740	7,740	3,019	3,019
Loans from group Companies	22	(64,596)	(64,596)	(62,873)	(62,873)
Non-current trade payables	25	(12,960)	(12,960)	(10,362)	(10,362)
Trade and other payables	28	(177,430)	(177,430)	(185,625)	(185,625)
		<u>90,700</u>	<u>90,700</u>	<u>119,306</u>	<u>119,306</u>

32 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category

	2012 Number	2011 Number
Number of employees		
Manufacturing	236	247
Service	1,289	1,233
Distribution	417	396
Administration and research and development	233	236
	<u>2,175</u>	<u>2,112</u>

The aggregate payroll costs of these persons were as follows:

	2012 £000	2011 £000
Staff costs		
Wages and salaries	60,136	55,178
Social security costs	6,091	5,778
Other pension costs	4,425	5,435
	<u>70,652</u>	<u>66,391</u>

Notes (continued)

33 Remuneration of management

	2012 £000	2011 £000
Directors emoluments	863	601
Other benefits	62	44
	<u>925</u>	<u>645</u>

There were no company pension contributions made during the year (2011 £nil)

The amount paid to the highest paid director in 2012 was £334,000 directors emoluments and £10,000 other benefits (2011 £346,000 directors emoluments and £8,000 other benefits)

34 Transactions with related parties

The Company which is incorporated in England and Wales is controlled by General Domestic Appliances Holdings Limited, by virtue of its holdings of 100% of the voting share capital of the Company at the balance sheet date

The Company's ultimate controlling party is Indesit Company S p A, a Company incorporated in Italy, which changed its name from Merloni Elettrodomestici S p A on the 1st January 2005

Transactions with companies within the Merloni S p A Group are as follows

-Indesit Company S p A At the year end the debtor balance amounted to £6,315,000 (2011 £6,824,000) and the creditor amounted to £44,291,000 (2011 £35,991,000) Transactions during the year were as follows sales of £11,617,000 (2011 £17,357,000) purchases of £146,995,000 (2011 £145,827,000)

-Indesit Elettrodomestici S A At the year end the debtor balance amounted to £312,000 (2011 £136,000) and the creditor amounted to £1,000 (2011 £nil) Transactions during the year were as follows sales of £2,003,000 (2011 £3,120,000) and purchases of £nil (2011 £nil)

-Indesit Company Portugal Elettrodomestici S A At the year end the debtor balance amounted to £502,000 (2011 £1,153,000) and the creditor amounted to £nil (2011 £nil) Transactions during the year were as follows sales of £553,000 (2011 £1,961,000) purchases of £21,000 (2011 £3,000)

-Indesit Company France S A At the year end the debtor balance amounted to £4,079,000 (2011 £4,440,000) and the creditor amounted to £6,000 (2011 £nil) Transactions during the year were as follows sales of £14,277,000 (2011 £13,262,000) purchases of £43,000 (2011 £nil)

-Indesit Company Beyaz Esya Pazarlama AS At the year end the debtor balance amounted to £3,214,000 (2011 £1,139,000) and the creditor amounted to £22,164,000 (2011 £28,520,000) Transactions during the year were as follows sales of £2,175,000 (2011 £1,772,000) purchases of £68,158,000 (2011 £61,611,000)

-Indesit Company Deutschland GmbH At the year end the debtor balance amounted to £409,000 (2011 £352,000) and the creditor amounted to £nil (2011 £nil) Transactions during the year were as follows sales of £2,918,000 (2011 £2,772,000) purchases of £nil (2011 £nil)

-Indesit Company Polska Spzoo At the year end the debtor balance amounted to £3,572,000 (2011 £222,000) and the creditor amounted to £49,139,000 (2011 £45,547,000) Transactions during the year were as follows sales of £3,847,000 (2011 £4,000,000) purchases of £180,579,000 (2011 £176,308,000)

Notes (continued)

34 Transactions with related parties (continued)

-Indesit Company International Business S A At the year end the debtor balance amounted to £2,718,000 (2011 £1,663,000) and the creditor amounted to £264,000 (2011 £291,000) Transactions during the year were as follows sales of £5,929,000 (2011 £3,858,000) purchases of £973,000 (2011 £837,000)

-Indesit Company International BV At the year end the debtor balance amounted to £108,000 (2011 £217,000) and the creditor amounted to £nil (2011 £nil) Transactions during the year were as follows sales of £361,000 (2011 £390,000) purchases of £nil (2011 £nil)

-Argentron S A At the year end the debtor balance amounted to £229,000 (2011 £5,000) and the creditor amounted to £nil (2011 £nil) Transactions during the year were as follows sales of £407,000 (2011 £407,000) purchases of £nil (2011 £nil)

-Indesit Company Magyarors At the year end the debtor balance amounted to £62,000 (2011 £71,000) and the creditor amounted to £nil (2011 £nil) Transactions during the year were as follows sales of £84,000 (2011 £120,000) purchases of £nil (2011 £nil)

-Indesit Company Ireland Ltd At the year end the debtor balance amounted to £4,256,000 (2011 £6,303,000) and the creditor amounted to £50,000 (2011 £nil) Transactions during the year were as follows sales of £7,566,000 (2011 £13,878,000) purchases of £49,000 (2011 £216,000)

-Indesit Company SPA R F NL-Tiel At the year end the debtor balance amounted to £425,000 (2011 £812,000) and the creditor amounted to £nil (2011 £nil) Transactions during the year were as follows sales of £2,297,000 (2011 £2,548,000) purchases of £9,000 (2011 £nil)

35 Ultimate Parent Company of larger Group

The Company is a subsidiary undertaking of General Domestic Appliances Holdings Limited which is the ultimate parent company incorporated in England and Wales The ultimate controlling party is Indesit Company S P A

The largest group in which the results of the Company are consolidated is that headed by Indesit Company S P A, incorporated in Italy No other group financial statements include the results of Indesit Company UK Limited The consolidated financial statements of these groups are available to the public and may be obtained from Indesit Company S p A Viale Aristide Merloni 47,60044, Fabriano (AN) Italy