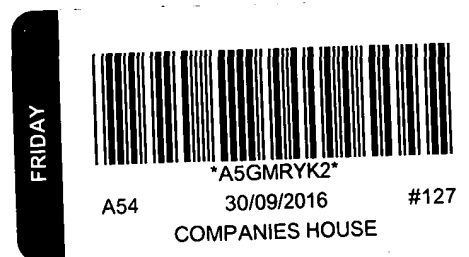


**Whirlpool UK Appliances Limited (formerly  
Indesit Company UK Limited)**

**Annual Report and Financial Statements**

**Registered number 00106725**

**For the year ended 31 December 2015**



## **Officers and professional advisors**

### **Directors**

Neil Gaskell  
Luca Ogliaro  
Maurizio Pettorino

### **Secretary**

Mauro Del Noce

### **Registered Office**

Morley Way  
Peterborough  
PE2 9JB

### **Bankers**

HSBC Bank plc

### **Solicitors**

Taylor Wessing  
50 Victoria Embankment  
London

### **Auditor**

Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

### **Share capital**

£77,195,645

### **VAT No**

513936740

### **Registration number**

00106725

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## Strategic Report

As required by the amendments to the Companies Act 2006, the directors of Whirlpool UK Appliances Limited (formerly Indesit Company UK Limited) ("the Company") present their annual report containing a Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2015.

On 1 October 2015 the Company changed its name from Indesit Company UK Limited to Whirlpool UK Appliances Limited.

### Principal activities

Whirlpool UK Appliances Limited (formerly Indesit Company UK Limited) is a company incorporated in England and Wales and wholly owned by General Domestic Appliances Holdings Limited.

The principal activities of the Company are the manufacture, sale, delivery, and service of domestic appliances mainly in the UK market. Its three core brands Hotpoint, Indesit and Whirlpool give the Company the largest market share of domestic appliances in the UK. The Company's product portfolio include cooking, laundry, refrigeration, tumble dryers, dishwashers and small domestic appliances, with the majority being sourced from the Whirlpool Corporation factories in Italy, Poland and Turkey along with tumble dryers manufactured at Yate in the UK with the head office being in Peterborough, UK.

The Company also delivers appliances direct to the end consumer through its warehouse satellite network. The Company controls its service organisation and service engineers through its office in Peterborough which also operates as a call centre.

### Business review and future developments

Following the acquisition of Indesit Company S.p.A. and its subsidiaries in October 2014, Whirlpool Corporation undertook a legal entity restructuring involving a number of its subsidiaries in order to integrate its business operations in Europe, the Middle East and Africa. This affected the Company as follows:

On 21 July 2015, the Company acquired 100% of the issued share capital of Whirlpool (UK) Limited for a consideration of £37,535,173. The consideration was settled through the issuance of shares, resulting in the Company issuing 1,000,000 ordinary shares of £1 each at a total premium of £36,535,173 to its immediate parent undertaking, General Domestic Appliances Holdings Limited.

On 1 October 2015 the Company entered into a business transfer agreement with Whirlpool (UK) Limited to purchase the trade and selected business assets and liabilities of Whirlpool (UK) Limited for a consideration of £11,981,000. The consideration was settled by an interest bearing loan for the same amount.

The Company measures and controls its performance using a wide range of KPI's in each of its divisions as follows:

- Commercial being volumes, revenue and margin, market share, price indices customer profitability and cash collection performance;
- Logistics being cost per unit, product availability and delivery per driver/day;
- Human resources being absenteeism, headcount and engagement surveys; and
- Service being call centre attrition rate, right first time modification and percentage of product returns.

The Company also operates an internal control system to measure all controls in accordance with the Whirlpool Corporation's procedures and guidelines.

The UK domestic appliance market saw an increase of volumes in the year ended 31 December 2015 compared to the prior year, with a strong growth in the built-in sector (+14.3%) driven by house builders, house movement and the replacement cycle of products of 8-10 years, being the anniversary of the housing boom in 2004 and 2005. The free standing market grew marginally by 3.3% compared to the prior year.

## Strategic Report *(continued)*

### Business review and future developments *(continued)*

The Company's strategy in the year ended 31 December 2015 was to maintain its market share whilst successfully merging the UK operations of Whirlpool and Indesit. Total revenues increased by 5.7% in the year, 4.0% in finished products sold driven by higher volumes and the trade transferred from Whirlpool (UK) Limited and a 10.9% increase in service revenues from increased home delivery and after sales services.

Profit before tax reduced from £24.7m in 2014 to a loss in 2015 of £165.0m due to two exceptional items. Firstly, in November 2015 the Company announced an on-going corrective action campaign to remedy possible safety and quality issues with certain of its legacy products. The campaign focused on dryers sold under the brand names of Hotpoint, Indesit and Creda between April 2004 and October 2015 and was initiated as a result of discussions between the Company and regulatory authorities, which determined that corrective action of the affected dryers was required. In accordance with the figures disclosed by Whirlpool Corporation for the third quarter 2015 a provision of £178,577,000 was created to cover the costs of the programme. The above mentioned estimation is based on the number of dryers expected to be modified and the probable costs to be incurred for those modifications. Secondly, the Company also impaired its investment in Whirlpool (UK) Limited by £15,807,000.

Cash and cash equivalents reduced by £10.0m during the year following a change in the Whirlpool Corporation policy of the payment of inter-company payables and receivables. The effect of the change was offset by the receipt of a revolving inter-company loan of £50.0m from Indesit Company International Business S.A. and the payment of £22.6m to Indesit Company UK Holdings Limited, an intermediate parent undertaking, as a revolving credit facility.

The sale of small domestic appliances continues to grow. On the back of the strength of the Hotpoint brand and now with the capability to source from the Whirlpool Corporation supply chain, 142,000 products were sold compared to 108,000 sold in the previous year, generating additional revenue of £1.6m.

The Indesit Company UK Defined Benefit Pension scheme liability reduced in the year by £8.4m with a £1.4m charge to the profit and loss for interest cost, offset by £8.6m employer contributions and a £1.3m actuarial gain taken to other comprehensive income, primarily as a result of the increase in the discount rate of 0.3%.

On 1 October 2015 the Company acquired, from Whirlpool (UK) Limited, the Whirlpool (UK) Limited Defined Benefit Pension scheme at an IAS 19 valuation being a surplus of £1,471,000. In the subsequent 3 months the surplus reduced to £1,056,000 primarily as a result of lower than expected returns on the pension scheme assets of £491,000, offset by employer contributions of £65,000 and a net £11,000 credit to the Statement of Comprehensive Income for current service cost of £5,000 and interest income of £16,000.

Consistent with the previous year the Company's focus throughout the year ending 31 December 2016 will be to ensure that the Company maximises its value by offering the total Whirlpool Corporation package to the retailer and through to the end consumer. The Company will utilise as much as possible of its home delivery option through its logistics operation and to maximise its revenues provided by its after sales operation on the strength of the Hotpoint and Indesit brands. The market as a whole is expected to show again an increase on 2015 predominantly in the built-in sector and utilise as much as possible the opportunities from the growing digital market place.

Integration with the Whirlpool Corporation organisation will continue in 2016 giving the Company the opportunity to have access to new product platforms, efficiencies, and new talent acquisition, retention and career opportunities for its employees.

## Strategic Report *(continued)*

### Principal risks and uncertainties

The key risks to the Company are liquidity risk, currency risk, credit risk, the increase in costs of raw materials, changes in the governments' environmental policy and price competition. The European centralised treasury function is responsible for liquidity risk (see note 2 to the financial statements for further details), cash flow 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 government's environmental policy and take actions where necessary.

By order of the board

Neil Gaskell  
Director



Date:

30/09/16

Morley Way  
Peterborough  
Cambridgeshire  
PE2 9JB

## Directors' report

The directors present their Annual Report and Financial Statements of the Company for the year ended 31 December 2015.

### Results and dividends

The loss for the year after taxation amounted to £137,603,000 (2014: *profit of £19,100,000*). The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: *£nil*).

### Directors and directors' interests

The directors who held office during the year and to the date of this report, except as stated otherwise, were as follows:

Maurizio Bernardi	(resigned 4 September 2015)
Esther Berrozpe	(resigned 4 September 2015)
Neil Gaskell	(appointed 4 September 2015)
Luca Ogialoro	(appointed 4 March 2015)
Maurizio Pettorino	
Carlos Ramos	(resigned 4 September 2015)
Franco Secchi	(resigned 4 September 2015)
Daniele Spadarotto	(resigned 4 September 2015)
Neil Tunstall	(resigned 4 September 2015)

1,003 shares in Whirlpool Corporation were granted on 16 February 2015 to Maurizio Pettorino followed by a further 3,000 shares granted on 1 June 2015.

### Research and development

Included in General and Administrative expenses in the Statement of Comprehensive Income are research costs expensed in the year amounting to £617,000 (2014: *£646,000*). The research and development function, based at the Yate factory, concentrates on optimising the performance, quality, safety, cost and production efficiency of the tumble dryer using mechanical and electronic design tools.

### 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. A number of benefits are provided including Employee assist, lifestyle awards and employee wellbeing on-line.

The Company is committed to upholding its values of Mutual Respect, Integrity, Diversity and Inclusion, Teamwork and the Spirit of Winning.

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.

### Accounting policies and adoption of international financial reporting standards - IFRSs

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

### Consolidated financial statements

The Company elects not to prepare consolidated financial statements in accordance with IAS 27, paragraph 42. The ultimate parent company is Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America and its consolidated financial statements are available to the public and may be obtained from [www.whirlpool.com](http://www.whirlpool.com).

### Approach taken

All amounts are stated in £000 (except where stated otherwise). All comparisons in the remainder of the Directors' Report, the Strategic 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.

## Directors' report (continued)

### Going concern

The Company's business activities, future developments and principal risk and uncertainty are set out in the Strategic Report on pages 1 to 3. The Company is expected to continue to generate positive cash flows through loan interest receivable from other group undertakings for the foreseeable future. The Company also participates in the Whirlpool Corporation European centralised treasury arrangement with Indesit Company International Business S.A.

The directors, having received a letter of support from Whirlpool Corporation for financial support for the foreseeable future, being at least 12 months from the date of approval of these financial statement, and based upon the responses of the directors of the Company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Whirlpool Corporation 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, having received a letter of support from the ultimate parent company and of the enquiries made of the directors of Whirlpool Corporation, 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.

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each 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.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board

Neil Gaskell  
Director



Date:

30/09/16

Morley Way  
Peterborough  
Cambridgeshire  
PE2 9JB



## **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Whirlpool UK Appliances Limited (formerly Indesit Company UK Limited)**

We have audited the financial statements of Whirlpool UK Appliances Limited (formerly Indesit Company UK Limited) for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2015 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Whirlpool UK Appliances Limited (formerly 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.

*Ernst & Young LLP*

**Andrew Clewer (Senior Statutory Auditor)**  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Cambridge, UK

Date: *30/9/16*

**Statement of comprehensive income**  
*for the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Revenue</b>	<i>3</i>	<b>710,798</b>	672,842
Cost of sales	<i>4</i>	<b>(581,270)</b>	(568,223)
<b>Gross profit</b>		<b>129,528</b>	104,619
Selling and distribution expenses	<i>5</i>	<b>(71,265)</b>	(64,606)
General and administrative expenses	<i>6</i>	<b>(31,538)</b>	(19,646)
Exceptional expense - modification campaign	<i>7</i>	<b>(178,577)</b>	-
Other income	<i>8</i>	<b>77</b>	155
<b>Operating (loss)/profit</b>		<b>(151,775)</b>	20,522
Amounts written off investment	<i>13</i>	<b>(15,807)</b>	-
Net financial income	<i>9</i>	<b>2,541</b>	4,216
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(165,041)</b>	24,738
Tax on (loss)/profit on ordinary activities	<i>10</i>	<b>27,438</b>	(5,638)
<b>(Loss)/profit for the financial year</b>		<b>(137,603)</b>	19,100

All amounts relate to continuing activities.

**Statement of total comprehensive income**  
*for year ended 31 December 2015*

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>(Loss)/profit for the year</b>	<b>(137,603)</b>	<b>19,100</b>
<b>Other comprehensive (loss)</b>		
Cash flow hedges		
- Losses arising during the year	<b>(509)</b>	<b>(475)</b>
- Deferred tax on cash flow hedge	<b>97</b>	<b>99</b>
	<b>(412)</b>	<b>(376)</b>
Actuarial gain/(loss)		
- Actuarial gain/(loss) on defined benefit pension schemes	<b>795</b>	<b>(17,587)</b>
- Deferred tax on actuarial (gain)/loss	<b>(159)</b>	<b>3,517</b>
	<b>636</b>	<b>(14,070)</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>224</b>	<b>(14,446)</b>
<b>Total comprehensive (loss)/income for the year, net of tax</b>	<b>(137,379)</b>	<b>4,654</b>
<b>Attributable to:</b>		
Equity holders of the Company	<b>(137,379)</b>	<b>4,654</b>

## Statement of financial position

as at 31 December 2015

Company Registration number 106725

	Notes	2015 £000	2014 £000
<b>Non-current assets</b>			
Property, plant and equipment	11	18,144	20,041
Goodwill	12	39,600	39,600
Other intangible assets with a definite life	12	3,157	3,356
Investment in subsidiaries	13	23,620	1,726
Non-current receivables	14	100,253	82,932
Employee benefit assets	23	1,056	-
Deferred tax assets	15	36,303	9,721
<b>Total non-current assets</b>		<b>222,133</b>	<b>157,376</b>
<b>Inventories</b>	16	<b>58,368</b>	<b>46,145</b>
Trade and other receivables	17	62,220	109,620
Current financial assets	18	3,222	3,734
Due from tax authorities	19	1,981	-
Cash and cash equivalents	20	219,624	229,643
<b>Total current assets</b>		<b>345,415</b>	<b>389,142</b>
<b>Total assets</b>		<b>567,548</b>	<b>546,518</b>
<b>Equity</b>			
Share capital	21	77,196	76,196
Share premium		80,928	44,393
Hedging reserve		(788)	(376)
Actuarial (losses) on pension scheme		(85,903)	(86,539)
Retained earnings		(16,409)	121,194
<b>Total equity</b>		<b>55,024</b>	<b>154,868</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities	23	37,098	45,041
Provisions for risks and charges	24	67,750	110
Deferred tax liabilities	15	645	479
Other payables	25	19,845	18,248
<b>Total non-current liabilities</b>		<b>125,338</b>	<b>63,878</b>
<b>Current provisions for risks and charges</b>	24	<b>145,242</b>	<b>32,600</b>
Financial payables	26	69,810	10,889
Trade payables	27	143,760	252,444
Due to tax authorities	28	23,850	27,636
Other payables	29	4,524	4,203
<b>Total current liabilities</b>		<b>387,186</b>	<b>327,772</b>
<b>Total liabilities</b>		<b>512,524</b>	<b>391,650</b>
<b>Total equity and liabilities</b>		<b>567,548</b>	<b>546,518</b>

The Annual Report and Financial Statements were approved and authorised for issue by the board of directors on 30 September 2016 and were signed on its behalf by:

Director

Neil Gaskell



**Statement of cash flows**  
*for the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
(Loss)/profit for the year		(137,603)	19,100
Tax on (loss)/profit on ordinary activities	10	(27,438)	5,638
Depreciation and amortisation		4,353	4,674
Amounts written off investment	13	15,807	-
Net financial income	9	(2,541)	(4,216)
Decrease/(increase) in trade and other receivables		53,258	(52,332)
Increase in inventories		(8,914)	(4,838)
(Decrease)/increase in trade and other payables		(118,049)	102,595
Increase in provisions for risks and charges		178,676	3,246
Difference between pension contributions paid and amounts recognised in statement of comprehensive income		(8,623)	(7,566)
Foreign exchange and movement in derivatives		13,089	9,709
Loss on sale of property, plant and equipment and intangible assets		36	17
Profit on sale of asset held for sale		-	(52)
Payment of income taxes		(3,734)	(1,405)
Payment of interest and other financial charges		(981)	(2,223)
Interest received		3,626	4,854
<b>Cash flow (absorbed)/generated by operating activities</b>		<b>(39,038)</b>	<b>77,201</b>
Purchase of property, plant and equipment		(1,998)	(2,375)
Purchase of intangible assets		(82)	(296)
Proceeds from disposal of asset held for sale		-	2,030
Proceeds from disposal of property, plant and equipment		38	-
Cash acquired from Whirlpool (UK) Limited	13	3,680	-
<b>Cash flow generated/(absorbed) by investing activities</b>		<b>1,638</b>	<b>(641)</b>
Net repayment of loan and interest with immediate parent undertaking		-	(28,383)
Payment of loan to Indesit Company UK Holdings Limited		(22,619)	-
Loan received from Indesit Company International Business S.A.	26	50,000	-
<b>Cash flow generated/(absorbed) from financing activities</b>		<b>27,381</b>	<b>(28,383)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10,019)</b>	<b>48,177</b>
Cash and cash equivalents, at the start of the year	20	229,643	181,466
<b>Cash and cash equivalents at end of year</b>	20	<b>219,624</b>	<b>229,643</b>

**Statement of changes in equity**  
*as at 31 December 2015*

	Share capital £000	Share premium £000	Hedging reserve £000	Actuarial (losses) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2014	76,196	44,393	-	(72,469)	102,094	150,214
Profit for the financial year	-	-	-	-	19,100	19,100
Net losses on cash flow hedges	-	-	(376)	-	-	(376)
Actuarial loss on defined benefit pension schemes (net of deferred tax)	-	-	-	(14,070)	-	(14,070)
Balance at 31 December 2014	76,196	44,393	(376)	(86,539)	121,194	154,868
Loss for the financial year	-	-	-	-	(137,603)	(137,603)
Net loss on cash flow hedges	-	-	(412)	-	-	(412)
Actuarial gain on defined benefit pension schemes (net of deferred tax)	-	-	-	636	-	636
Total comprehensive income	-	-	(412)	636	(137,603)	(137,379)
Share capital issued at a premium	1,000	36,535	-	-	-	37,535
<b>Balance at 31 December 2015</b>	<b>77,196</b>	<b>80,928</b>	<b>(788)</b>	<b>(85,903)</b>	<b>(16,409)</b>	<b>55,024</b>



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### Company activities

Whirlpool UK Appliances Limited is a company based in the United Kingdom and incorporated in England and Wales, and its principal activities are the manufacture, sale, delivery, and service of domestic appliances mainly in the UK market. Its three core brands Hotpoint, Indesit and Whirlpool give the Company the largest market share of domestic appliances in the UK. The Company's product portfolio include cooking, laundry, refrigeration, tumble dryers, dishwashers and small domestic appliances, with the majority being sourced from the Whirlpool Corporation factories in Italy, Poland and Turkey along with tumble dryers manufactured at Yate in the UK with the head office being in Peterborough, UK.

The Company also delivers appliances direct to the end consumer through its warehouse satellite network. The Company controls its service organisation and service engineers through its office in Peterborough which also operates as a call centre.

#### Going concern

The Company's business activities, future developments and principal risk and uncertainty are set out in the Strategic Report on pages 1 to 3. The Company is expected to continue to generate positive cash flows through loan interest receivable from other group undertakings for the foreseeable future. The Company also participates in the Whirlpool Corporation European centralised treasury arrangement with Indesit Company International Business S.A.

The directors, having received a letter of support from Whirlpool Corporation for financial support for the foreseeable future, being at least 12 months from the date of approval of these financial statement, and based upon the responses of the directors of the Company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Whirlpool Corporation 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, having received a letter of support from the ultimate parent company and of the enquiries made of the directors of Whirlpool Corporation, 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 2015.

#### 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 of sterling (£000) (except where stated otherwise). The financial statements are prepared on an historical cost basis with financial derivatives at fair value. There are no financial assets that will be held to maturity. Financial transactions are recorded with reference to the trade date.

#### Consolidated financial statements

The Company elects not to prepare consolidated financial statements in accordance with IAS 27, paragraph 42. The ultimate parent company is Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America and its consolidated financial statements are available to the public and may be obtained from [www.whirlpool.com](http://www.whirlpool.com).

#### Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

## 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.

In November 2015 the Company initiated a service and outreach programme in relation to two platforms of tumble dryers manufactured between April 2004 and September 2015 at the Company's factory in Yate, UK. The majority of that production was sold in the UK and the directors' estimate that to be around 5 million units. However, given the timeline involved, a substantial number of these products will have been replaced and taken out of service. The directors have estimated the number of dryers expected to be modified and the probable costs to be incurred for those modifications. A provision of £178,577,000 was created to cover the programme.

#### Treatment of foreign currency transactions and balances

All transactions are recorded in the functional currency of the principal operating environment in which the Company operates being Sterling. 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

The fair value of financial derivatives is determined by a function of the Whirlpool Corporation European centralised treasury function. 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 income statement.

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 income statement, 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	25 years
Plant and equipment	From 3 to 20 years
Fixtures and fittings	10 years

#### 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 Company equity interest at the time of acquisition, after having recorded all assets, liabilities and identifiable contingent liabilities attributable to both the Company 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 charge is recorded if the recoverable amount, represented by the discounted cash flows, is less than the related carrying amount.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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 income statement. 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 income statement. 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.

#### 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 income statement. 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 Company identifies the loss in the value of the CGU to which it belongs.

## Notes (continued)

### 1 Accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value, comprise cash on hand, bank deposits and cash deposits held by Indesit Company International Business S.A. as part of the Whirlpool Corporation European centralised treasury arrangement.

#### 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 paid.

#### 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.

#### 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 income statement 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 (except for the service and outreach programme described earlier) 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.

#### *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.

#### Capital structure

The Whirlpool Corporation European centralised treasury function manages loans, both short term and long term, insurance, banking activities and credit insurance regarding its debt on behalf of the Company.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

Post invoice discounts, allowances and rebates to customers are recognised when, based on sales data and the related contracts or other agreements, it is probable that the Company will have to make an economic outflow to the customer for sales made during the year. The Company uses a control process certified and approved by the Whirlpool Corporation.

Revenues from extended warranties are recognised over the life of the extended warranty plan.

##### *Grants*

Grants from the government 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 income statement 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.

##### *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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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 income statement of valuing the transactions that hedge interest rate and exchange rate risks.

#### *Taxation*

Income taxes are recorded in the income statement, 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 income statement. 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 2015, that have a significant impact on these financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases have not yet been adopted by the EU):

- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair value Measurement
- IFRS 14 Regulatory Deferral Accounts
- IFRS15 Revenue from contracts with customers
- IFRS 16 Leases
- IAS 16 and IAS38 Clarification of Acceptable Methods of Depreciation and Amortisation; and
- Amendments to IAS19 Defined Benefit Plans: Employee Contributions.

## 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 Whirlpool Corporation European treasury policy approved by their 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; and
- 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.

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

Currency	2015		2014	
	Average exchange rate	Closing exchange rate	Average exchange rate	Closing exchange rate
EUR	1.38	1.36	1.24	1.28
USD	1.52	1.48	1.65	1.56

The management of currency risk is governed by the Whirlpool Corporation European treasury department. The department use a combination of forwards and options to hedge against transaction risk.



## Notes (continued)

### 2 Financial Risk Management (continued)

#### 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; and
- information about the potential customer obtained from databases:

The subjective elements considered include:

- acquired experience;
- network of relations; and
- 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.

### 3 Revenue

Revenue is analysed as follows:

	2015 £000	2014 £000
Revenues from finished products sold	541,745	520,430
Revenues from services	169,053	152,412
	<hr/>	<hr/>
<b>Total revenue</b>	<b>710,798</b>	<b>672,842</b>
	<hr/>	<hr/>

Revenues from the provision of services relates 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.

## Notes (continued)

### 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.

	2015 £000	2014 £000
Cost of inventories recognised as an expense	12,223	4,838
Purchase of products, raw materials, components and change in other inventories	483,454	479,237
Services	39,560	39,074
Payroll costs	42,884	41,667
Depreciation of property, plant and equipment	2,505	2,866
Amortisation of intangible fixed assets	607	541
Loss on the disposal of property, plant and equipment	37	-
<b>Total cost of sales</b>	<b>581,270</b>	<b>568,223</b>

### 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.

	2015 £000	2014 £000
Services	44,813	40,622
Payroll costs	26,209	23,763
Depreciation of property, plant and equipment	148	138
Amortisation of intangible fixed assets	96	83
Gain on the disposal of property, plant and equipment	(1)	-
<b>Total selling and distribution expenses</b>	<b>71,265</b>	<b>64,606</b>

### 6 General and administrative 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.

	2015 £000	2014 £000
Services	24,388	12,752
Auditor's remuneration (audit services to the company)	104	153
Payroll costs	6,049	5,678
Depreciation of property, plant and equipment	681	666
Amortisation of intangible fixed assets	316	380
Loss on the disposal of property, plant and equipment and intangible fixed assets	-	17
<b>Total general and administrative expenses</b>	<b>(31,538)</b>	<b>(19,646)</b>

## Notes (continued)

### 7 Exceptional expense – modification campaign

	2015 £000	2014 £000
Modification campaign	178,577	-

In November 2015 the Company announced an on-going corrective action campaign to remedy possible safety and quality issues with certain of its legacy products. The campaign focused on dryers sold under the brand names of Hotpoint, Indesit and Creda between April 2004 and October 2015 and was initiated as a result of discussions between the Company and regulatory authorities, which determined that corrective action of the affected dryers was required. In accordance with the figures disclosed by Whirlpool Corporation for the third quarter 2015 a provision of £178,577,000 was created to cover the costs of the programme, net of tax £142,415,000. The above mentioned estimation is based on the number of dryers expected to be modified and the probable costs to be incurred for those modifications.

### 8 Other income

	2015 £000	2014 £000
Royalties from Indesit Company S.p.A for use of the Hotpoint brand.	77	103
Gain on the disposal of asset held for sale	-	52
<b>Total other income</b>	<b>77</b>	<b>155</b>

### 9 Net financial income

	2015 £000	2014 £000
Interest income receivable	3,779	4,701
Net foreign exchange gains	731	3,478
Net interest on Indesit Company UK pension scheme (see note 23)	(1,431)	(1,314)
Net interest on Whirlpool (UK) Limited pension scheme (see note 23)	16	-
Interest expense payable	(257)	(1,058)
Other financial charges	(297)	(1,591)
<b>Total net financial income</b>	<b>2,541</b>	<b>4,216</b>

## Notes (continued)

### 10 Tax on (loss)/profit on ordinary activities

#### (a) Tax on (loss)/profit on ordinary activities

The tax (credit)/charge comprises as follows:

	2015 £000	2014 £000
<b>Current tax (credit)/charge</b>		
UK Corporation tax on (loss)/profit for the year at 20.25% (2014: 21.50%)	-	4,340
Adjustment in respect of prior years	(666)	(30)
	<u>(666)</u>	<u>4,310</u>
<b>Deferred tax (credit)/charge (see note 15)</b>		
Origination and reversal of temporary differences	(27,120)	1,293
Effect of change in tax rate on opening liability	348	35
	<u>(26,772)</u>	<u>1,328</u>
<b>Total tax (credit)/charge in Statement of Comprehensive Income</b>	<u>(27,438)</u>	<u>5,638</u>

#### (b) Factors affecting the tax (credit)/charge for the year

The standard rate of tax for the year, based on the main UK rate of corporation tax, is 20.25% (2014: 21.50%). A reconciliation of the expected tax (credit)/charge based on this standard rate to the total tax is as follows:

	2015 £000	2014 £000
<b>(Loss)/profit on ordinary activities before tax</b>	(165,041)	24,738
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	(33,421)	5,319
Effects of:		
Non tax deductible expenses	6,301	384
Effect of reduction in tax rate on opening deferred tax liability	348	(35)
Adjustment in respect of prior years	(666)	(30)
<b>Total tax (credit)/charge in Statement of Comprehensive Income</b>	<u>(27,438)</u>	<u>5,638</u>

#### (c) Factors that may affect future tax charges

The Finance Act 2013 reduced the main rate of UK corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced tax rate changes, which will have an effect on the Company's future tax position. These additional changes will reduce the standard rate of UK corporation tax from 20% to 19% from 1 April 2017, and 18% from 1 April 2020.

Additionally in his budget on 16 March 2016, the Chancellor of the Exchequer announced to further reduce the UK corporation tax rate to 17% on 1 April 2020, which was substantively enacted on 6 September 2016. This proposed change had not been substantively enacted at the balance sheet date and consequently this effect is not included in these financial statements. The effect of this announced reduction is not likely to be material. The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the Company.

## Notes (continued)

### 11 Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Asset under construction £000	Total £000
<b>Cost</b>					
At 1 January 2014	13,518	54,492	6,465	2,123	76,598
Additions	31	796	-	1,548	2,375
Disposals	(45)	(1,606)	(446)	-	(2,097)
Transfers	17	1,457	-	(1,670)	(196)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	13,521	55,139	6,019	2,001	76,680
Additions	258	700	-	1,040	1,998
Acquisition from Whirlpool (UK) Limited (see note 13)	26	-	-	-	26
Disposals	-	(115)	-	-	(115)
Transfers	384	1,064	-	(1,961)	(513)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>14,189</b>	<b>56,788</b>	<b>6,019</b>	<b>1,080</b>	<b>78,076</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>					
At 1 January 2014	7,705	40,979	6,369	-	55,053
Charge for the year	270	3,355	45	-	3,670
Disposals	(45)	(1,594)	(445)	-	(2,084)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	7,930	42,740	5,969	-	56,639
Charge for the year	310	3,002	22	-	3,334
Disposals	-	(41)	-	-	(41)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>8,240</b>	<b>45,701</b>	<b>5,991</b>	<b>-</b>	<b>59,932</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 1 January 2014	5,813	13,513	96	2,123	21,545
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	5,591	12,399	50	2,001	20,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>5,949</b>	<b>11,087</b>	<b>28</b>	<b>1,080</b>	<b>18,144</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Transfers for the years ended 31 December 2014 and 2015 do not net to zero. The 31 December 2014 and 2015 residual balances represent transfers between property, plant and equipment and intangible fixed assets (see note 12).

Outstanding orders placed for the supply of future capital expenditure for the year ended 31 December 2015 is £0.2million (2014: £0.3 million).

## Notes (continued)

### 11 Property, plant and equipment (continued)

#### *Non-cancellable operating leases*

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.

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

	2015 £'000		2014 £'000	
	Land & buildings £000	Other £000	Land & buildings £000	Other £000
Within 1 year	4,163	5,050	3,605	4,484
Between 1 and 5 years	13,241	5,496	17,388	6,205
After 5 years	674	-	1,030	-
	<u>18,078</u>	<u>10,546</u>	<u>22,023</u>	<u>10,689</u>

The Statement of Comprehensive Income reflects rental charges incurred under operating leases of £9,196,000 (2014: £10,475,000).

## Notes (continued)

### 12 Intangible fixed assets

	Goodwill £000	Patents and trade-marks £000	Development costs £000	Asset under construction £000	Total £000
<b>Cost</b>					
At 1 January 2014	44,000	11,582	2,925	160	58,667
Additions	-	-	126	170	296
Disposals	-	(522)	-	-	(522)
Transfers	-	181	144	(129)	196
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	44,000	11,241	3,195	201	58,637
Additions	-	14	-	68	82
Acquisition from Whirlpool (UK) Limited (see note 13)	-	225	-	-	225
Transfers	-	152	562	(201)	513
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>44,000</b>	<b>11,632</b>	<b>3,757</b>	<b>68</b>	<b>59,457</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>					
At 1 January 2014	4,400	9,381	1,414	-	15,195
Amortisation for the year	-	485	519	-	1,004
Disposals	-	(518)	-	-	(518)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	4,400	9,348	1,933	-	15,681
Amortisation for the year	-	434	585	-	1,019
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>4,400</b>	<b>9,782</b>	<b>2,518</b>	<b>-</b>	<b>16,700</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 1 January 2014	39,600	2,201	1,511	160	43,472
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	39,600	1,893	1,262	201	42,956
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>39,600</b>	<b>1,850</b>	<b>1,239</b>	<b>68</b>	<b>42,757</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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 being the Indesit brand.

The asset was subjected to an impairment test as at 31 December 2015. The test performed did not identify the need to adjust the carrying value of the asset.

## Notes (continued)

### 13 Investment in subsidiary

On 21 July 2015, the Company acquired 100% of the issued share capital of Whirlpool (UK) Limited for a consideration of £37,535,173. The consideration was settled through the issuance of shares, resulting in the Company issuing 1,000,000 ordinary shares of £1 each at a total premium of £36,535,173 to its immediate parent undertaking, General Domestic Appliances Holdings Limited.

On 1 October 2015 the Company entered into a business transfer agreement with Whirlpool (UK) Limited to purchase the trade and selected business assets and liabilities of Whirlpool (UK) Limited for a consideration of £11,981,000. The consideration was settled by an interest bearing loan for the same amount. As part of the transfer the Company became the shareholder of the issued share capital of Whirlpool Ireland Limited at a cost of £166,000.

	2015 £000	2014 £000
Indesit Ireland Limited	1,726	1,726
Whirlpool Ireland Limited	166	-
Whirlpool UK Limited	21,728	-
	<u>23,620</u>	<u>1,726</u>

The movement in investments was as follows:

	2015 £000	2014 £000
<b>Cost</b>		
At the beginning of the year	1,726	1,726
Additions		
- Whirlpool (UK) Limited	37,535	-
- Whirlpool Ireland Limited	166	-
	<u>39,427</u>	<u>1,726</u>
At end of the year	<u>39,427</u>	<u>1,726</u>
<b>Provision for diminution in value</b>		
At the beginning of the year	-	-
Charge for the year	15,807	-
	<u>15,807</u>	<u>-</u>
At end of the year	<u>15,807</u>	<u>-</u>
<b>Net book value at end of the year</b>	<u>23,620</u>	<u>1,726</u>



## Notes (continued)

### 13 Investment in subsidiary (continued)

On 1 October 2015 the Company acquired the trade and selected business assets and liabilities of Whirlpool (UK) Limited for a consideration of £11,981,000, settled by an interest bearing loan.

	<b>Book value and fair value £000</b>
<b>Non-current assets</b>	
Property, plant and equipment	26
Other intangible assets with a definite life	225
Investment in Whirlpool Ireland Limited	166
Employee benefits assets	1,471
	<hr/>
<b>Total non-current assets</b>	1,888
	<hr/>
<b>Current assets</b>	
Inventories	3,309
Trade and other receivables	5,867
Cash and cash equivalents	3,680
	<hr/>
<b>Total current assets</b>	12,856
	<hr/>
<b>Current liabilities</b>	
Trade payables	639
Due from tax authorities	135
Other payables	472
Provisions for risks and charges	1,057
	<hr/>
<b>Total current liabilities</b>	2,303
	<hr/>
<b>Non-current liabilities</b>	
Provisions for risks and charges	166
Deferred tax liabilities	294
	<hr/>
<b>Total non-current liabilities</b>	460
	<hr/>
<b>Net assets acquired</b>	11,981
	<hr/> <hr/>
<b>Satisfied by:</b>	
Interest bearing loan (see note 26)	11,981
	<hr/> <hr/>

## Notes (continued)

### 14 Non-current receivables

	2015 £000	2014 £000
Receivables from other Group undertakings (see note 33)		
- Indesit Company UK Holdings Limited	98,716	81,395
- General Domestic Appliances Holdings Limited	936	936
- General Domestic Appliances International Limited	81	81
- Merloni Domestic Appliances Limited	251	251
Other receivables	269	269
<b>Total non-current receivables</b>	<b>100,253</b>	<b>82,932</b>

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

### 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 2015 £000	Transferred from Whirlpool (UK) Limited (see note 13) £000	Charge to statement of comprehensive income (see note 10a) £000	Credit to equity £000	Balance at 31 Dec 2015 £000
<b>Deferred tax assets</b>					
Derivatives	99	-	440	97	636
Tax losses carried forward	-	-	27,722	-	27,722
Defined benefit pensions asset	8,592	-	(1,726)	(257)	6,609
Long service awards (Jubilee scheme)	416	-	52	-	468
Accelerated capital allowances	226	-	18	-	244
Short term timing differences	388	-	236	-	624
	9,721	-	26,742	(160)	36,303
<b>Deferred tax liabilities</b>					
Defined benefit pension liability	-	(294)	(15)	98	(211)
Enhanced R&D revenue deductions	(252)	-	10	-	(242)
Industrial building allowances	(227)	-	35	-	(192)
	(479)	(294)	30	98	(645)
<b>Net total</b>	<b>9,242</b>	<b>(294)</b>	<b>26,772</b>	<b>(62)</b>	<b>35,658</b>

The Company has recognised a deferred tax asset as the directors consider that it is probable that the asset will be utilised against future taxable profits in the foreseeable future.

## Notes (continued)

### 16 Inventories

	2015 £000	2014 £000
Finished products	43,518	32,674
Spare parts	13,145	9,897
Raw materials	4,891	5,162
	<hr/>	<hr/>
Total gross inventories	61,554	47,733
Provisions	(3,186)	(1,588)
	<hr/>	<hr/>
<b>Total net inventories</b>	<b>58,368</b>	<b>46,145</b>
	<hr/> <hr/>	<hr/> <hr/>

The difference between the purchase price or production cost of finished goods and their replacement cost is not considered to be material.

### 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.

	2015 £000	2014 £000
Trade receivables due from Group undertakings (see note 33)	18,514	61,843
Trade receivables	42,420	46,545
	<hr/>	<hr/>
Total trade receivables	60,934	108,388
Less: provisions for bad debts	(795)	(714)
	<hr/>	<hr/>
Other receivables	60,139 2,081	107,674 1,946
	<hr/>	<hr/>
<b>Total trade and other receivables</b>	<b>62,220</b>	<b>109,620</b>
	<hr/> <hr/>	<hr/> <hr/>

### 18 Current financial assets

	2015 £000	2014 £000
Derivatives used for hedging	2,136	2,801
Interest on cash deposits held by Indesit Company International Business S.A.	31	51
Interest on loan from Indesit Company UK Holdings Limited (see note 33)	1,055	882
	<hr/>	<hr/>
<b>Total due from current financial assets</b>	<b>3,222</b>	<b>3,734</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 19 Due from tax authorities

	2015 £000	2014 £000
Corporation tax receivable	1,981	-

### 20 Cash and cash equivalents

Cash and cash equivalents include bank and cash deposits held with the Whirlpool Corporation European centralised treasury arrangement by Indesit Company International Business S.A. The changes in liquidity during the year are analysed in the Statement of Cash Flows.

	2015 £000	2014 £000
Cash and cash equivalents	10,832	19,198
Cash deposits held by Indesit Company International Business S.A.	208,792	210,445
Total cash and cash equivalents	219,624	229,643

### 21 Share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid share capital</i>		
77,195,645 Ordinary shares of £1 each	77,196	76,196

On 21 July 2015, the Company acquired 100% of the issued share capital of Whirlpool (UK) Limited for a consideration of £37,535,173. The consideration was settled through the issuance of shares, resulting in the Company issuing 1,000,000 ordinary shares of £1 each at a total premium of £36,535,173 to its immediate parent undertaking, General Domestic Appliances Holdings Limited.

### 22 Contingent liabilities

There are no contingent liabilities that the directors are aware of at 31 December 2015 (2014: £nil).

## Notes (continued)

### 23 Employee benefit assets and liabilities

#### Employee benefit assets

On 1 October 2015 the Company acquired Whirlpool (UK) Limited which incorporated the Whirlpool (UK) Limited pension scheme. This is a wholly funded defined benefit fund which is now closed to future accruals.

	2015 £000	2014 £000
Whirlpool (UK) Limited pension scheme	1,056	-
Total employee benefit assets	1,056	-

The directors have assessed the surplus in relation to IFRIC 14 and concluded that the Company will be able to derive economic benefit from any IAS19 surplus that may arise.

#### Whirlpool (UK) Limited pension scheme

##### *Movement in surplus during the year*

	2015 £000	2014 £000
Fair value of plan assets	30,513	-
Present value of defined benefit obligations	(29,457)	-
	1,056	-

##### *Movements in fair value of plan assets*

	2015 £000	2014 £000
At the beginning of the year	-	-
Transferred on 1 October 2015	32,149	-
Expected return on plan assets	(373)	-
Interest income	267	-
Contributions by employer	65	-
Contributions by scheme participants	1	-
Benefits paid from plan assets	(1,596)	-
At end of the year	30,513	-

##### *Movements in present value of defined benefit obligation*

	2015 £000	2014 £000
At the beginning of the year	-	-
Transferred on 1 October 2015	30,678	-
Current service cost	5	-
Interest cost	251	-
Contributions by scheme participants	1	-
Benefits paid from plan assets	(1,596)	-
Actuarial loss	118	-
At 31 December	29,457	-

## Notes (continued)

### 23 Employee benefit assets and liabilities (continued)

#### Whirlpool (UK) Limited pension scheme (continued)

Expenses and income recognised in the Statement of Comprehensive Income is as follows:

	2015 £000	2014 £000
Current service cost	5	-
Interest on defined benefit pension plan obligation	251	-
Expected return on defined benefit plan assets	(267)	-
	<u>(11)</u>	<u>-</u>

The expense recognised in the following line items in the Statement of Comprehensive Income is as follows:

	2015 £000	2014 £000
Selling and distribution expenses	5	-
Net financial income	(16)	-
	<u>(11)</u>	<u>-</u>

#### Actuarial loss pension scheme

	2015 £000	2014 £000
Defined benefit obligation actuarial loss	118	-
Fair value of plan assets (Expected return)	373	-
	<u>491</u>	<u>-</u>
Actuarial loss	491	-
Deferred tax	(98)	-
	<u>393</u>	<u>-</u>

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

	2015 £000	2014 £000
Equities	6,151	-
Bonds	22,725	-
Corporate bonds	1,537	-
Other	100	-
	<u>30,513</u>	<u>-</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.

## Notes (continued)

### 23 Employee benefit assets and liabilities (continued)

#### Whirlpool (UK) Limited pension scheme (continued)

Principal actuarial assumptions (expressed as weighted averages):

	2015	2014
Discount rate	3.60%	-
Inflation rate (CPI)	2.10%	-
Salary increases	3.10%	-
Mortality	n/a	-
- Male life expectancy at current age 65 (in years)	22.4	-
- Male life expectancy at age 65 (currently age 45) (in years)	24.2	-

The history of the plan is as follows:

	2015 £000	2014 £000
Fair value of plan assets	30,513	-
Present value of defined benefit obligations	(29,457)	-
	<u>1,056</u>	<u>-</u>

#### Experience adjustments

	2015 £000	2014 £000
Experience adjustments on plan assets	(687)	-
Experience adjustments on plan assets as a % of plan assets	2.3%	-
Experience adjustments on plan liabilities	(80)	-
Experience adjustments on plan liabilities as a % of plan assets	0.3%	-
Experience adjustments	<u>(767)</u>	<u>-</u>

The Company expects to contribute approximately £0.2m to this defined benefit plan in the next financial year.

#### Employee benefit liabilities

	2015 £000	2014 £000
Indesit Company UK pension scheme	34,548	42,961
Long service awards (Jubilee award scheme)	2,550	2,080
Total employee benefit liabilities	<u>37,098</u>	<u>45,041</u>

## Notes (continued)

### 23 Employee benefit assets and liabilities (continued)

#### Indesit Company UK pension scheme

The Company operated a wholly funded defined benefit pension funds. However the scheme is now closed to future accruals.

#### Movement in deficit during the year

	2015 £000	2014 £000
Present value of defined benefit obligations	314,064	325,176
Fair value of plan assets	(279,516)	(282,215)
	<hr/>	<hr/>
Non-current employee liability recognised	34,548	42,961
	<hr/>	<hr/>

#### Movements in present value of defined benefit obligation

	2015 £000	2014 £000
At 1 January	325,176	288,144
Interest cost	11,826	13,325
Benefits paid from plan assets	(11,115)	(9,287)
Actuarial (gains)/losses	(11,823)	32,994
	<hr/>	<hr/>
At 31 December	314,064	325,176
	<hr/>	<hr/>

#### Movements in fair value of plan assets

	2015 £000	2014 £000
At 1 January	282,215	256,518
Expected return on plan assets	(10,537)	15,407
Interest income	10,395	12,011
Contributions by employer	8,558	7,566
Benefits paid from plan assets	(11,115)	(9,287)
	<hr/>	<hr/>
At 31 December	279,516	282,215
	<hr/>	<hr/>

Expenses and income recognised in the Statement of Comprehensive Income is as follows:

	2015 £000	2014 £000
Interest on defined benefit pension plan obligation	11,826	13,325
Expected return on defined benefit plan assets	(10,395)	(12,011)
	<hr/>	<hr/>
Total	1,431	1,314
	<hr/>	<hr/>



## Notes (continued)

### 23 Employee benefit assets and liabilities (continued)

#### Indesit Company UK pension scheme (continued)

The expense recognised in the following line items in the Statement of Comprehensive Income is as follows:

	2015 £000	2014 £000
Net financial income	1,431	1,314

#### Actuarial loss pension scheme

	2015 £000	2014 £000
Defined benefit obligation actuarial (gain)/loss	(11,823)	32,994
Fair value of plan assets (Expected return)	10,537	(15,407)
Actuarial (gain)/loss	(1,286)	17,587
Deferred tax	257	(3,517)
Actuarial (gain)/loss, net of tax	(1,029)	14,070

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

	2015 £000	2014 £000
Diversified growth funds	201,531	191,192
Corporate bonds	-	9,952
Liability driven investments	76,892	80,459
Cash and cash equivalents	1,093	612
	279,516	282,215

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):

	2015	2014
Discount rate	4.00%	3.70%
Inflation rate (CPI)	2.10%	2.00%
Salary increases	3.10%	3.00%
Mortality		
- Male life expectancy at age 60 (in years)	25.9	25.9
- Male life expectancy at age 60 (currently age 40) (in years)	27.4	27.4

## Notes (continued)

### 23 Employee benefit assets and liabilities (continued)

#### Indesit Company UK pension scheme (continued)

The history of the plan is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligation	314,064	325,176	288,144	274,251	279,815
Fair value of plan assets	(279,516)	(282,215)	(256,518)	(250,853)	(227,246)
Deficit	34,548	42,961	31,626	23,398	52,569
Experience adjustments					
	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Experience adjustments on plan assets	-	-	-	11,641	(10,274)
Experience adjustments on plan assets as a % of plan assets	-	-	-	4.6%	(4.5%)
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan liabilities as a % of plan assets	-	-	-	-	-
Experience adjustments	-	-	-	11,641	(10,274)

The Company expects to contribute approximately £8.8m to its defined benefit plan in the next financial year.

#### Defined contribution plans

The Company also operates the following defined contribution schemes with the assets held independently:

- Zurich defined contribution scheme for ex members of the wholly funded defined benefit pension scheme.
- Zurich “2013” contribution scheme.
- The “Peoples Pension” which is an auto enrolment scheme managed by B&CE.

The total expense relating to the plan in the current year was £2,524,000 (2014: £2,335,000). At the year end outstanding contributions amounted to £nil (2014: £nil).

#### Jubilee and Retirement Award schemes

The directors have estimated the provision required for the retirement award scheme at £2.6m (2014: £2.1m) based on the estimated number of staff who will remain with the Company for the requisite period of 25 and 40 years.

## Notes (continued)

### 24 Provisions for risks and charges

#### Non-current risks and charges

	Balance at 1 Jan 2015	Charge to Statement of Comprehensive Income	Utilisation Of provision	Transferred From Whirlpool (UK) Limited	Reclass- ification	Net	Balance at 31 Dec 2015
	£000	£000	£000	£000	£000	£000	£000
Warranty provision	110	552	(390)	141	370	673	783
Modification campaign	-	66,569	-	-	-	66,569	66,569
Other risk provision	-	373	-	25	-	398	398
	<u>110</u>	<u>67,494</u>	<u>(390)</u>	<u>166</u>	<u>370</u>	<u>67,640</u>	<u>67,750</u>

#### Current risks and charges

	Balance at 1 Jan 2015	Charge to Statement of Comprehensive Income	Utilisation Of provision	Transferred From Whirlpool (UK) Limited	Reclass- ification	Net	Balance at 31 Dec 2015
	£000	£000	£000	£000	£000	£000	£000
Product liability provision	25,368	8,793	(5,257)	377	-	3,913	29,281
Warranty provision	6,590	(330)	-	680	(370)	(20)	6,570
Modification campaign	-	112,008	(7,053)	-	-	104,955	104,955
Employee liability	479	482	(181)	-	-	301	780
Reorganisation provision	163	(163)	-	-	-	(163)	-
Environmental provision	-	3,596	-	-	-	3,596	3,596
Other risk provision	-	60	-	-	-	60	60
	<u>32,600</u>	<u>124,446</u>	<u>(12,491)</u>	<u>1,057</u>	<u>(370)</u>	<u>112,642</u>	<u>145,242</u>

The product liability provision represents the expected liability of damages caused by faulty products not covered by insurance and is expected to be utilised in the year ending 31 December 2016.

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 current warranty provision is expected to be utilised in the year ending 31 December 2016 with the non-current element in the year ending 31 December 2017.

## Notes (continued)

### 24 Provisions for risks and charges (continued)

In November 2015 the Company announced an on-going corrective action campaign to remedy possible safety and quality issues with certain of its legacy products. The campaign focused on dryers sold under the brand names of Hotpoint, Indesit and Creda between April 2004 and October 2015 and was initiated as a result of discussions between the Company and regulatory authorities, which determined that corrective action of the affected dryers was required. In accordance with the figures disclosed by Whirlpool Corporation for the third quarter 2015 a provision of £178,577,000 was created to cover the costs of the programme. The above mentioned estimation is based on the number of dryers expected to be modified and the probable costs to be incurred for those modifications. The current provision £104,955,000 will be utilised in the year ending 31 December 2016 with the non-current element in the year ending 31 December 2017.

The employee liability provision is a provision for known claims on the company by previous employees for industrial diseases and is expected to be utilised in the year ending 31 December 2016.

The environmental provision is for the decontamination of the Peterborough site from historical site operations. The other risk provision relates to onerous leases and is expected to be utilised by 2025.

### 25 Non-current other payables

	2015 £000	2014 £000
Group tax relief payable (see note 33)	18,015	16,340
Deferred rent payable	1,830	1,908
	<hr/>	<hr/>
<b>Total non-current other payables</b>	<b>19,845</b>	<b>18,248</b>
	<hr/>	<hr/>

The group tax relief payable relates to submitted tax returns and is expected to be paid in a period of greater than 1 year to Indesit Company UK Holdings Limited of £16,650,000 (2014: £14,975,000) and General Domestic Appliances Holdings Limited of £1,365,000 (2014: £1,365,000).

### 26 Financial payables

	2015 £000	2014 £000
Liability from the measurement of derivative instruments	7,726	9,572
Revolving inter Group loan – Indesit Company International Business S.A.	50,000	-
Loan from Whirlpool (UK) Limited	11,981	-
Interest accrued on loan from Whirlpool (UK) Limited	23	-
Payable to factor	40	827
Interest and currency commission payable – Indesit Company International Business S.A.	40	490
	<hr/>	<hr/>
<b>Total financial payables</b>	<b>69,810</b>	<b>10,889</b>
	<hr/>	<hr/>

**Notes (continued)**

**27 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.

	2015 £000	2014 £000
Trade payables to other group undertakings (see note 33)	72,590	190,967
Other trade payables	71,170	61,477
	<hr/>	<hr/>
<b>Total trade payables</b>	<b>143,760</b>	<b>252,444</b>
	<hr/> <hr/>	<hr/> <hr/>

**28 Due to tax authorities**

	2015 £000	2014 £000
Corporation tax payable	-	3,969
VAT payable	21,862	21,919
Taxes withheld from employees	1,988	1,748
	<hr/>	<hr/>
<b>Total due to tax authorities</b>	<b>23,850</b>	<b>27,636</b>
	<hr/> <hr/>	<hr/> <hr/>

**29 Other payables**

	2015 £000	2014 £000
Due to social security and pensions institutions	708	511
Due to employees	3,795	3,585
Other payables	21	107
	<hr/>	<hr/>
<b>Total other payables</b>	<b>4,524</b>	<b>4,203</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 30 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:

	Notes	Carrying amount 2015 £000	2014 £000
Non-current receivables	14	100,253	82,932
Trade and other receivables	17	62,220	109,620
Cash and cash equivalents	20	219,624	229,643
Interest receivable	18	1,086	933
Forward exchange contracts used for hedging:	18	2,136	2,801
		<b>385,319</b>	<b>425,929</b>

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

	Notes	Carrying amount 2015 £000	2014 £000
United Kingdom		44,994	46,659
Euro-zone countries		15,704	61,542
Other European countries		235	173
Other regions		1	14
	17	<b>60,934</b>	<b>108,388</b>

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

	Notes	Carrying amount 2015 £000	2014 £000
Appliances		47,595	98,158
Service		13,339	10,230
	17	<b>60,934</b>	<b>108,388</b>

## Notes (continued)

### 30 Financial instruments (continued)

#### Credit risk (continued)

The ageing of trade receivables at the reporting date was:

	Notes	Gross 2015 £000	Impairment 2015 £000	Gross 2014 £000	Impairment 2014 £000
Not past due		35,994	-	43,284	98
Past due 0-30 days		3,052	-	2,503	-
Past due 31-120 days		1,641	202	299	89
Past due 121-365 days		1,410	338	296	377
More than one year		323	255	163	150
		<hr/>	<hr/>	<hr/>	<hr/>
	17	42,420	795	46,545	714
Trade receivables from Group	17	18,514	-	61,843	-
		<hr/>	<hr/>	<hr/>	<hr/>
	17	60,934	795	108,388	714
		<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:

	2015 £000	2014 £000
Balance at 1 January	714	851
Charge to the Statement of Comprehensive Income in the year	232	23
Utilised in the year	(282)	(160)
Transferred from Whirlpool (UK) Limited	131	-
	<hr/>	<hr/>
Balance at 31 December	795	714
	<hr/>	<hr/>

## Notes (continued)

### 30 Financial instruments (continued)

#### Liquidity risk

The following are the contractual maturities of financial liabilities:

#### 31 December 2015

	Notes	Carrying Amount £000	Contractual cash flows £000	1 year or less £000	More than 1 year £000
<b>Non-derivative financial liabilities</b>					
Non-current other payables	25	19,845	(19,845)	-	(19,845)
Trade and other payables	27	143,760	(143,760)	(143,760)	-
<b>Derivative financial liabilities</b>					
Forward exchange contracts for hedging Inflow	18	(2,136)	2,136	2,136	-
		<u>161,469</u>	<u>(161,469)</u>	<u>(141,624)</u>	<u>(19,845)</u>

#### 31 December 2014

	Notes	Carrying Amount £000	Contractual cash flows £000	1 year or less £000	More than 1 year £000
<b>Non-derivative financial liabilities</b>					
Non-current other payables	25	18,248	(18,248)	-	(18,248)
Trade and other payables	27	252,444	(252,444)	(252,444)	-
<b>Derivative financial liabilities</b>					
Forward exchange contracts for hedging Inflow	18	(2,801)	2,801	2,801	-
		<u>267,891</u>	<u>(267,891)</u>	<u>(249,643)</u>	<u>(18,248)</u>

#### Currency risk

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

#### 31 December 2015

	Notes	Total £000	GBP £000	EUR £000	USD £000
Trade receivables	17	60,934	47,391	13,535	8
Trade payables	27	(143,760)	(53,729)	(87,786)	(2,245)
		<u>(82,826)</u>	<u>(6,338)</u>	<u>(74,251)</u>	<u>(2,237)</u>



## Notes (continued)

### 30 Financial instruments (continued)

#### Currency risk (continued)

#### 31 December 2014

	Notes	Total £000	GBP £000	EUR £000	USD £000
Trade receivables	17	108,388	61,457	46,930	1
Trade payables	27	(252,444)	(41,787)	(207,615)	(3,042)
		<u>(144,056)</u>	<u>19,670</u>	<u>(160,685)</u>	<u>(3,041)</u>

#### 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:

	Notes	31 December 2015		31 December 2014	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Non-current receivables	14	100,253	100,253	82,932	82,932
Trade and other receivables	17	62,220	62,220	109,620	109,620
Cash and cash equivalents	20	219,624	219,624	229,643	229,643
Current financial assets	18	3,222	3,222	3,734	3,734
Non-current other payables	25	(19,845)	(19,845)	(18,248)	(18,248)
Trade payables	27	(143,760)	(143,760)	(252,444)	(252,444)
		<u>221,714</u>	<u>221,714</u>	<u>155,237</u>	<u>155,237</u>

### 31 Remuneration of management

	2015 £000	2014 £000
Directors emoluments	584	579
Other benefits	96	132
	<u>680</u>	<u>711</u>
Company contributions to money purchase pension scheme	3	-
	<u>683</u>	<u>711</u>

The amount paid to the highest paid director in 2015 was £488,000 directors emoluments and £66,000 other benefits (2014: £480,000 directors emoluments and £61,000 other benefits). The highest paid director exercised no share options in Whirlpool Corporation in the year, (2014 – 3,891 in Indesit Company S.p.A).

## Notes (continued)

### 32 Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the year, analysed by category is as follows:

	2015 Number	2014 Number
<b>Number of employees</b>		
Manufacturing	225	235
Service	1,453	1,380
Distribution	470	431
Administration and research and development	237	224
	<hr/> 2,385 <hr/>	<hr/> 2,270 <hr/>

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
<b>Staff costs</b>		
Wages and salaries	66,297	62,787
Social security costs	6,321	5,986
Other pension costs	2,524	2,335
	<hr/> 75,142 <hr/>	<hr/> 71,108 <hr/>

### 33 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 the Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America.

Transactions with other companies within the Whirlpool Corporation group are as follows

#### ***Bauknecht Haugeraete GmbH***

At the year end the debtor balance amounted to £370,000 (2014: £nil) and the creditor amounted to £11,000 (2014: £nil). Transactions during the year were as follows: sales of £366,000 (2014: £nil) and purchases of £11,000 (2014: £nil).

#### ***General Domestic Appliances Holdings Limited***

At the year end the debtor balance amounted to £2,455,000 (2014: £2,455,000), the creditor amounted to £nil (2014: £nil), a non-current receivable of £936,000 (2014: £936,000), and a non-current other payable of £1,365,000 (2014: £1,365,000). Transactions during the year were as follows: sales of £nil (2014: £nil), purchases of £nil (2014: £nil) and interest expense of £nil (2014: £565,000).

#### ***General Domestic Appliances International Limited***

At the year end the non-current receivable of £81,000 (2014: £81,000). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £nil (2014: £nil).

## Notes (continued)

### 33 Transactions with related parties (continued)

#### **Indesit Argentina S.A.**

At the year end the debtor balance amounted to £1,000 (2014: £1,000) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £nil (2014: £nil).

#### **Indesit Company Beyaz Esya Pazarlama AS.**

At the year end the debtor balance amounted to £74,000 (2014: £79,000) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £nil (2014: £9,822,000).

#### **Indesit Company Beyaz Esya Sanayi ve Ticaret AS.**

At the year end the debtor balance amounted to £12,000 (2014: £13,000) and the creditor amounted to £446,000 (2014: £99,000). Transactions during the year were as follows: sales of £nil (2014: £37,000) and purchases of £421,000 (2014: £191,000).

#### **Indesit Electrodomesticos S.A.**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £548,000) and purchases of £nil (2014: £nil).

#### **Indesit Company Portugal Electrodomesticos S.A.**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £463,000) and purchases of £nil (2014: £nil).

#### **Indesit Company Deutschland GmbH**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £651,000) and purchases of £nil (2014: £nil).

#### **Indesit Company International Business S.A.**

At the year end the debtor balance amounted to £nil (2014: £nil), the creditor amounted to £105,000 (2014: £702,000), a cash deposit held of £208,792,000 (2014: £210,445,000), a current financial receivable of £31,000 (2014: £51,000) and a financial payable of £50,040,000 (2014: £490,000). Transactions during the year were as follows: sales of £nil (2014: £754,000), purchases of £201,000 (2014: £4,084,000), interest income of £492,000 (2014: £1,078,000), interest expense of £4,000 (2014: £5,000) and financial expenses of £56,000 (2014: £1,117,000).

#### **Indesit Company Magyarország Kft.**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £15,000) and purchases of £nil (2014: £nil).

#### **Indesit Company Polska Spzoo.**

At the year end the debtor balance amounted to £7,000 (2014: £61,000) and the creditor amounted to £17,114,000 (2014: £735,000). Transactions during the year were as follows: sales of £1,727,000 (2014: £445,000) and purchases of £119,420,000 (2014: £1,492,000).

#### **Indesit Company S.p.A.**

At the year end the debtor balance amounted to £14,559,000 (2014: £59,016,000) and the creditor amounted to £38,210,000 (2014: £189,007,000). Transactions during the year were as follows: sales of £116,614,000 (2014: £50,105,000), purchases of £333,763,000 (2014: £394,336,000), an interest expense of £26,000 (2014: £nil) and royalty income of £77,000 (2014: £103,000).

## Notes (continued)

### 33 Transactions with related parties (continued)

#### **Indesit Company UK Holdings Limited**

At the year end the debtor balance amounted to £252,000 (2014: £218,000), creditor amounted to £nil (2014: £nil), a non-current receivable of £98,716,000 (2014: £81,395,000), a current financial asset receivable of £1,055,000 (2014: £882,000) and a non-current other payable of £16,650,000 (2014: £14,975,000). Transactions during the year were interest income of £3,081,000 (2014: £2,992,000).

#### **Indesit Ireland Limited**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £396,000 (2014: £421,000). Transactions during the year were as follows: sales of £nil (2014: £3,333,000) and purchases of £nil (2014: £52,000).

#### **Indesit Company Österreich Ges.Mbh**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £4,000 (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £4,000 (2014: £nil).

#### **KitchenAid Europa, Inc.**

At the year end the debtor balance amounted to £31,000 (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £nil (2014: £nil).

#### **Merloni Domestic Appliances Limited**

At the year end the non current receivable amounted to £251,000 (2014: £251,000). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £nil (2014: £nil).

#### **Whirlpool (UK) Limited**

At the year end a financial payable of £11,981,000 (2014: £nil) and an interest accrual of £23,000 (2014: £nil).

#### **Whirlpool Electromesticos S.A.**

At the year end the debtor balance amounted to £423,000 (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £1,148,000 (2014: £nil) and purchases of £nil (2014: £nil).

#### **Whirlpool Europe S.r.l**

At the year end the debtor balance amounted to £228,000 (2014: £nil) and the creditor amounted to £14,240,000 (2014: £nil). Transactions during the year were as follows: sales of £2,000 (2014: £nil) and purchases of £27,532,000 (2014: £nil).

#### **Whirlpool France S.A.S**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £737,000 (2014: £3,000). Transactions during the year were as follows: sales of £nil (2014: £3,110,000) and purchases of £791,000 (2014: £nil).

#### **Whirlpool Ireland Limited**

At the year end the debtor balance amounted to £11,000 (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £1,000 (2014: £nil) and purchases of £nil (2014: £nil).

#### **Whirlpool Microwave Products Development Limited**

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £784,000 (2014: £nil).

## Notes (continued)

### 34 Transactions with related parties (continued)

#### *Whirlpool Polska Sp z o.o.*

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £369,000 (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £3,577,000 (2014: £nil).

#### *Whirlpool Slovakia spol.s.r.o*

At the year end the debtor balance amounted to £nil (2014: £nil) and the creditor amounted to £964,000 (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £1,637,000 (2014: £nil).

#### *Whirlpool Nederland B.V.*

At the year end the debtor balance amounted to £91,000 (2014: £nil) and the creditor amounted to £nil (2014: £nil). Transactions during the year were as follows: sales of £nil (2014: £nil) and purchases of £nil (2014: £nil).

### 35 Ultimate Parent Company

The Company is a wholly owned subsidiary undertaking of General Domestic Appliances Holdings Limited which is the immediate parent undertaking, a company incorporated in England and Wales. The ultimate parent undertaking and ultimate controlling party is Whirlpool Corporation.

The smallest and largest group in which the results of the Company for the year ended 31 December 2015 are consolidated is that headed by Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America. Copies of the consolidated financial statements of Whirlpool Corporation are available from [www.whirlpool.com](http://www.whirlpool.com).