Jarden Consumer Solutions (Europe) Limited

Annual Report
for the year ended 31 December 2016

Registered Number: 00713656

Jarden Consumer Solutions (Europe) Limited

Annual Report for the year ended 31 December 2016

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Jarden Consumer Solutions (Europe) Limited

Directors and advisers for the year ended 31 December 2016

Director
Richard Sansone

Independent Auditors
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Chartered Accountants and Statutory Auditors
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Registered Number
00713656

Director's report for the year ended 31 December 2016

The director presents his report and the audited financial statements of Jarden Consumer Solutions (Europe) Limited (the "Company") for the year ended 31 December 2016.

Future developments

An indication of the likely future developments of the business is included in the Strategic report on page 5.

Political contributions

There were no political donations during the year (2015: £nil).

Dividends

In the year the Company proposed and paid dividends totalling £nil (2015: £nil).

Financial risk management

Financial risk management is described in the Strategic report on page 5.

Directors and their interests

The directors of the Company who held office during the year and up to the date of signing of the financial statements were:

Richard Sansone
John Capps (Resigned on 15 April 2016)

Director's indemnities

The Company maintained throughout the year, and at the date of approval of the financial statements, third party liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Statement of director's responsibilities (continued)

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the director must not approve the financial statements unless he is 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006.

The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board

Richard Sansone
Director

Registered number: 00713656

Strategic report for the year ended 31 December 2016

The director presents his Strategic report on the Company for the year ended 31 December 2016.

Principal activities

The principal activity of the Company during the year was the sale of small domestic appliances.

Review of the business

Despite continued challenging economic and market conditions, the focus of the company continued to be to seek to improve margins and to continue to invest in its brands and new product development. Breville continues to outperform the market, particularly in its core areas of kettles and toasters. The company's other main brands, Nicky Clarke, FoodSaver and Crockpot continued to perform in line with expectations. It is anticipated that tough market and economic conditions will prevail throughout 2017 but the Group is well positioned to deal with that scenario.

Operating profit was £7,573,000 compared to £5,777,000 in the prior year and net assets were £26,944,000 compared to £21,552,000 in the prior year, the increase is as a result of the profit for the financial year with no dividends paid in the current year (2015: £Nil).

The Senior Management meets on a monthly basis and as part of their role considers the principal risks and uncertainties facing the Company. These risks are broadly grouped as non financial risk, being mainly competitor risk, and financial risks, being mainly price risk, foreign exchange risk, credit risk and liquidity risk. With regard to financial risk the main risk is foreign exchange risk and this is managed via a hedging policy and entering into forward exchange contracts in line with this policy.

Non-financial risks

The Company competes with other well known high street brands and consequently looks to mitigate the risk of losing trade through constant innovation of its existing products, maintaining the high standard of goods sold and by bringing new products into the marketplace.

Financial risk management

The Company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk and liquidity risk.

- **Price risk**

  The Company is exposed to pricing volatility due to a mix of economic factors on products purchased from overseas. As a result, management maintain a close dialogue with its suppliers and monitors all economic fluctuations to mitigate this risk.
- **Foreign exchange risk**

  The majority of the Company's purchases are in foreign currency, and therefore there is a risk of currency losses should exchange rates move adversely through the year. The Board seeks to mitigate this through the use of forward contracts such that a high level of future purchases is hedged.
- **Credit risk**

  Credit risk is the risk that a customer defaults on its payment to the Company. The Company mitigates this risk by the use of credit reports, and monitors trade receivables accounts closely. The Company also maintains credit insurance on its debts. Details of the Company's trade receivables are shown in note 12 to the financial statements.
- **Liquidity risk**

  Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations created by its financial liabilities. The Company mitigates this risk through careful monitoring of daily cash balances and detailed cash forecasting processes, as well as by close control over customers' payment terms and gradual extensions to the terms under which the Company pays its suppliers.

As a subsidiary of Newell Brands Inc, a listed company incorporated in the United States of America, further details of Group policies in relation to external financial risks, can be found in the Annual Report and Financial Statements of Newell Brands Inc. Copies of the Newell Brands Inc financial statements are available from the Company Secretary at 221 River Street, Hoboken, NJ 07030, USA.

Future developments

The company will continue to innovate and promote their products both in the UK and overseas.

Key performance indicators ("KPIs")

The Company's strategy is one of growth with improved profitability. The director monitors progress against this strategy by reference to a number of KPIs.

Key performance indicators ("KPIs") (continued)

Performance for the year, together with comparative data for the equivalent previous year is set out in the table below:

	31 December 2016	**31 December 2015**	**Definition, method of calculation**
Revenue (£'000)	72,671	72,511	
Growth in sales (%)	0.22%	12%	Year on year sales growth expressed as a percentage.
Revenue per employee (£'000)	601	604	Revenue divided by the average number of employees..

Environmental Issues

The Company recognises its responsibilities towards environmental issues in respect of the recycling of electrical products, batteries and waste packaging. The Company contributes in accordance with its legal obligations towards the costs of providing facilities for the collection and processing of products at the end of their useful life.

On behalf of the Board

Richard Sansone
Director

Independent auditors' report to the members of Jarden Consumer Solutions (Europe) Limited

Report on the financial statements

Our opinion

In our opinion, Jarden Consumer Solutions (Europe) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Accounting policies; and
- the notes to the financial statements.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Director's Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Jarden Consumer Solutions (Europe) Limited (continued)

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the director
As explained more fully in the Statement of director's responsibilities set out on pages 2&3, the director is 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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 director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Director's Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Kate Finn

Kate Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 September 2017

Jarden Consumer Solutions (Europe) Limited

Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	1	72,671	72,511
Cost of sales		(41,183)	(43,647)
Gross profit		**31,488**	**28,864**
Administrative expenses		(23,915)	(23,087)
Operating profit	2	**7,573**	**5,777**
Finance income	6	1	658
Finance costs	6	(762)	(3)
Net finance (costs) / income		**(761)**	655
Profit before income tax		**6,812**	**6,432**
Income tax expense	7	(1,382)	(1,275)
Profit for the financial year		**5,430**	**5,157**
Total comprehensive income for the year		**5,430**	**5,157**

All amounts relate to continuing operations.

Jarden Consumer Solutions (Europe) Limited

Balance Sheet as at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
ASSETS			
Fixed assets			
Intangible assets	8	244	801
Property, plant and equipment	9	1,093	1,509
Investments	10	48	48
		1,385	**2,358**
Current assets			
Inventories	11	12,134	11,156
Trade and other receivables	12	42,098	26,486
Cash and cash equivalents		8	2,928
		54,240	**40,570**
Total assets		**55,625**	**42,928**
EQUITY AND LIABILITIES			
Called up share capital	13	10,722	10,722
Retained earnings		16,222	10,830
Total equity		**26,944**	**21,552**
LIABILITIES			
Non-current liabilities			
Provisions for liabilities	14	1,720	1,889
		1,720	**1,889**
Current liabilities			
Trade and other payables	15	26,961	19,487
		26,961	**19,487**
Total liabilities		**28,681**	**21,376**
Total equity and liabilities		**55,625**	**42,928**

The financial statements on pages 9 to 27 were approved by the Director on 29 September 2017 and were signed on its behalf by:

....

Richard Sansone
Director

Jarden Consumer Solutions (Europe) Limited
Registered Number: 00713656

Jarden Consumer Solutions (Europe) Limited

Statement of Changes in Equity for the year ended 31 December 2016

	Notes	Called up share Capital	Retained earnings	Total equity
		£'000	£'000	£'000
Balance as at 1 January 2015	13	**10,722**	**5,700**	**16,422**
Profit for the financial year		-	5,157	**5,157**
Total comprehensive income for the year		-	**5,157**	**5,157**
Taxation related to items recognised directly in equity		-	(27)	**(27)**
Total transactions with owners, recognised directly in equity	7	-	**(27)**	**(27)**
Balance as at 31 December 2015		**10,722**	**10,830**	**21,552**
Profit for the financial year		-	5,430	**5,430**
Total comprehensive income for the year		-	**5,430**	**5,430**
Taxation related to items recognised directly in equity		-	(38)	**(38)**
Total transactions with owners, recognised directly in equity	7	-	**(38)**	**(38)**
Balance as at 31 December 2016		**10,722**	**16,222**	**26,944**

Accounting policies

General Information
Jarden Consumer Solutions (Europe) Limited is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is 5400 Lakeside, Cheadle Royal Business Park, Cheadle, Cheshire, United Kingdom, SK8 3GQ. The Company's registered number is 00713656.

The principal activity of the Company is the sale of small domestic appliances.

Statement of compliance
The individual financial statements of Jarden Consumer Solutions (Europe) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the Amendments to FRS 102 (issued in July 2015).

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation
These financial statements are prepared on a going concern basis, under the historical cost convention, as modified to include certain financial assets and liabilities measured at fair value through profit or loss.

The Company has chosen to apply paragraph 1A (2) of Schedule 1 to the Companies Regulations and adapt the statement of comprehensive income format and terminology to comply with Section 5 of FRS 102 (issued in July 2015). The Company has also chosen to apply paragraph 1A (1) of Schedule 1 to adapt the balance sheet format and terminology to comply with Section 4 of FRS 102 (issued in July 2015).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the accounting policy 'Critical accounting judgements and estimation uncertainty'.

b) Going concern
The Director has prepared these financial statements on a going concern basis after assessing the expected consolidated budgeted performance of the Company out to a period of no less than 12 months from the date on which these financial statements have been signed.

c) Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Jarden Consumer Solutions (Europe) Limited is a qualifying entity as its results are consolidated into the financial statements of Newell Brands Inc which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102

Accounting policies (continued)

d) Consolidated financial statements
The company is a wholly owned subsidiary of Newell Brands Inc, a Company incorporated in the United States of America. It is included in the consolidated financial statements of Newell Brands Inc which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

e) Foreign currency
(i) Functional and presentation currency
The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

f) Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the entity.

g) Employee benefits
The Company provides a range of benefits to employees, including defined contribution pension plans.

(i) Short term benefits
Short term benefits such as non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans
Contributions to the Company's defined contribution pension scheme are charged to the statement of comprehensive income in the period to which they relate.

h) Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Accounting policies (continued)

h) Taxation (continued)

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

i) Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years, such period being chosen to represent the expected useful economic life of the asset. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of comprehensive income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

In accordance with Section 35.10(a) of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

j) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

The principal lives used for this purpose are:

Computers, office equipment and tooling	2-4 years
Leasehold improvements	To the end of the lease

Accounting policies (continued)

j) Property, plant and equipment and depreciation (continued)

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in statement of comprehensive income and included in 'Administrative expenses'.

k) Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption under Section 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.

l) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

m) Investments

Investment in subsidiary company is held at cost less accumulated impairment losses.

The Company has taken advantage of the transition exemption under paragraph 35.10(f) of FRS 102 in respect of measurement of investments in subsidiaries on the date of transition to FRS 102 (1 January 2014) and continues to measure investment at their existing carrying value (which is considered to be deemed cost).

Accounting policies (continued)

n) Inventories
Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

o) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Provisions for liabilities
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions for the costs incurred with goods returned under warranty are charged against profits when products have been invoiced. Goods are sold with a warranty period of one year from the date of sale and therefore the provision for warranty returns has been classified within current liabilities. The methodology used in the calculation of the provision is disclosed in note 14. The effect of the time value of money is not material and therefore no discount has been applied to the provision.

q) Financial instruments
The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.
If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Accounting policies (continued)

q) Financial Instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. Derivatives primarily consist of forward foreign exchange contracts which are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

r) Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Useful economic lives of tangible assets*

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of tangible fixed assets and 'property, plant and equipment' policy for the useful economic lives for each class of asset.

Accounting policies (continued)

s) Critical accounting judgements and estimation uncertainty (continued)

- *Warranty provision*

The Company's products are sold under warranty to its customers with a warranty period of 12 months from the date of sale. The provision is calculated using the historical returns rates on a product by product basis.

- *Rebates and customer arrangements*

The company offers many customers rebates and promotional incentives in order to encourage trade and form strong relationships. Rebates and promotional spend are recognised as a deduction from revenue over the period of the agreement with the customer. There is a judgement in accounting for these arrangements as an agreement period typically lasts for a number of months or years, and may involve assumptions around volumes of products purchased or sold into the future.

Notes to the financial statements for the year ended 31 December 2016

1 Revenue

	2016 £'000	2015 £'000
Analysis of revenue by geography:		
United Kingdom	72,639	72,500
Europe	32	11
	72,671	**72,511**

The director considers all trading to be within one business i.e. the sale of small domestic appliances. The director considers that the Company operates in two geographical markets, the UK and Europe and consequently revenue information is provided above on that basis.

2 Operating profit

The Company's operating profit of £7,573,000 (2015: £5,777,000) is stated after charging the following:	Note	2016 £'000	2015 £'000
Staff Costs	4	6,433	5,375
Amortisation of goodwill	8	557	557
Depreciation of property, plant and equipment	9	1,218	1,170
Operating lease costs – plant and machinery		119	98
Operating lease costs – land and buildings		108	119
Auditors' remuneration for statutory audit		62	81
Auditors' remuneration for non audit services		-	17
Loss / (Gains) on derivative financial instruments	6	762	(658)
Foreign exchange losses		(1,050)	2,327
Impairment of trade receivables		28	173
Impairment of inventory		69	8

3 Emolument of Directors

The emoluments of the directors are paid by the ultimate parent company which makes no recharge to the Company. The directors are directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the director. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

Given the emoluments are paid by the ultimate parent no retirement benefits accrue to the directors under deferred contribution schemes.

4 Employee costs

Staff costs during the year were as follows:	2016 £'000	2015 £'000
Wages and salaries	5,669	4,558
Social security costs	524	572
Other pension costs	240	245
	6,433	**5,375**

	2016 Number	2015 Number
The average monthly number of persons (including Directors) employed during the year were:		
Warranty and returns	32	29
Selling and distribution	45	40
Administration	44	51
	121	**120**

5 Pensions

The Company operates a defined contribution pension scheme for the benefit of its employees. The assets in the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge for the year was £240,000 (2015: £245,000). At the end of the year, there was an accrual outstanding of £34,000 (2015: £32,000) in relation to such schemes.

6 Finance income and costs

	2016 £'000	2015 £'000
Gains on derivative financial instruments	-	658
Interest receivable on loans from fellow subsidiary companies	1	-
Total finance income	**1**	**658**
Loss on derivative financial instruments	(762)	-
Interest payable on loans from fellow subsidiary companies	-	(3)
Total finance costs	**(762)**	**(3)**
Net finance (costs)/ income	**(761)**	**655**

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Income tax expense

(a) Tax expense included in profit and loss

	Notes	**2016**	2015
		£'000	£'000
Current tax			
UK corporation tax on profits for the year		1,268	1,231
Adjustments in respect of prior periods		1	(63)
Total current tax		1,269	1,168
Deferred tax:			
Accelerated capital allowances / other timing differences	16	69	52
Adjustment in respect of prior periods	16	(1)	55
Impact of changes in tax rates	16	45	-
Total deferred tax	16	113	107
Tax on profit on ordinary activities		**1,382**	**1,275**

(b) Tax expense included in equity

	2016	2015
	£'000	£'000
Current tax	-	-
Deferred tax	38	27
Total tax expense	**38**	**27**

(c) Reconciliation of tax charge

The tax assessed for the year is higher (2015: lower) to the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%) as explained below:

	31 December 2016 £'000	31 December 2015 £'000
Profit before taxation	6,812	6,432
Profit multiplied by the standard rate of tax in the UK of 20.00% (2015: 20.25 %)	1,362	1,302
Expenses not deductible for taxation purposes	3	10
Tax rate changes	44	(2)
Items charged directly to equity	(27)	(27)
Adjustments in respect of prior periods	-	(8)
Total tax charge for the year	**1,382**	**1,275**

7 Income tax expense (continued)

(d) Factors which may affect future tax charges:

The Finance (No.2) Act 2015, which was substantially enacted on 26 October 2015, introduced a reduction in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017. The Finance Act 2016 introduced a further reduction in the main rate of corporation tax rate to 17% from 1 April 2020. This reduction was substantively enacted on 6 September 2016, and therefore the deferred tax asset at the balance sheet date has been calculated using a rate of 17%.

8 Intangible assets

	Note	Goodwill £'000
Cost at 1 January 2016 and 31 December 2016		**5,568**
Accumulated amortisation at 1 January 2016		(4,767)
Amortisation provided in the year	2	(557)
Accumulated amortisation at 31 December 2016		**(5,324)**
Net book value at 31 December 2016		**244**
Net book value at 31 December 2015		801

Goodwill is amortised over 10 years. The director estimates this to be the period over which benefits may reasonably be expected to accrue.

9 Property, plant and equipment

	Leasehold improvements £'000	Computers, office equipment and tooling £'000	**Total £'000**
Cost at 1 January 2016	1,028	10,785	11,813
Additions in the year	-	864	864
Disposals in the year	-	(174)	(174)
At 31 December 2016	**1,028**	**11,475**	**12,503**
Accumulated depreciation at 1 January 2016	(999)	(9,305)	(10,304)
Charge for the year	(1)	(1,217)	(1,218)
Depreciation on disposals	-	112	112
At 31 December 2016	**(1,000)**	**(10,410)**	**(11,410)**
Net book value:			
At 31 December 2016	**28**	**1,065**	**1,093**
At 31 December 2015	29	1,480	1,509

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Investments

The subsidiary companies in which the Company has an interest are as follows:

	Registered address	31 December 2016 £'000	31 December 2015 £'000
VIVA (Consumer Products) Limited	5400 Lakeside, Cheadle Royal Business Park, Cheadle, SK8 3GQ, United Kingdom	48	48
Pulse Home Products (Hong Kong) Limited	38 Wang Chiu Road 06-07, 33/F, Tower 1, Enterprise Square Five Kowloon Bay Kowloon Hong Kong	-	-
Dirt Devil Limited	5400 Lakeside, Cheadle Royal Business Park, Cheadle, SK8 3GQ, United Kingdom	-	-
Hinari Limited	5400 Lakeside, Cheadle Royal Business Park, Cheadle, SK8 3GQ, United Kingdom	-	-
		48	48

The Company owns 100% of the share capital of the above named companies. VIVA (Consumer Products) Limited, Dirt Devil Limited and Hinari Limited are incorporated in England and Wales, with Pulse Home Products (Hong Kong) Limited incorporated in Hong Kong. Hinari Limited and Dirt Devil Limited was however dissolved during 2015. The company has a direct holding for each of the above named companies.

During the year ending 31 December 2016, there has been no income from shares in group undertakings (2015: £nil).

11 Inventories

	31 December 2016 £'000	31 December 2015 £'000
Finished goods held for resale	12,052	11,074
Raw materials and consumables	82	82
	12,134	**11,156**

The amount of stocks recognised as an expense during the year was £39,952,183 (2015: £44,173,836).

The replacement value of inventories does not exceed its current carrying value.

Inventories are stated after provisions for impairment of £204,183 (2015: £134,751).

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Trade and other receivables

	Note	31 December 2016 £'000	31 December 2015 £'000
Trade receivables		21,600	17,288
Amounts owed by group undertakings		18,061	5,735
Other receivables		282	304
Deferred tax asset	16	1,064	1,215
Derivatives financial instruments		561	1,323
Prepayments and accrued income		530	621
		42,098	**26,486**

Amounts owed by group undertakings are non-interest bearing and are repayable on demand. Amounts owed by group undertakings are unsecured.

Derivative financial instruments relate to forward currency contracts held with group undertakings. The forward currency contracts are measured at fair value with gains (losses) from changes in fair value recognised in profit or loss. The effect on profit for the year ended 31 December 2016 is a decrease of £762,000 (2015: £658,000 increase) resulting in a net financial asset of £561,000 (2015: £1,323,000) been recognised in the balance sheet as at 31 December 2016.The fair value is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP: USD.

Trade receivables are stated after provisions for impairment of £239,000 (2015: £359,000).

13 Called up share capital

	Number '000'	31 December 2016 £'000	31 December 2015 £'000
Allotted and issued and fully paid			
Ordinary shares of £1 each	10,722	10,722	10,722
	10,722	**10,722**	**10,722**

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Details of the Company's shareholder are shown in note 19.

Notes to the financial statements for the year ended 31 December 2016 (continued)

14 Provisions for liabilities

Provision for future returns of product under warranty

	£'000
At 1 January 2016	1,889
Utilised in the year	(3,696)
Additional charges in the year	3,527
At 31 December 2016	**1,720**

The Company's products are sold under warranty to its customers with a warranty period of 12 months from the date of sale. The provision is calculated using historical returns rates on a product by product basis.

15 Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000
Trade payables	11,468	4,966
Amounts owed to group undertakings	6,359	5,951
Amounts owed to group undertakings for group relief	17	-
Corporation tax	749	847
Other taxation and social security	2,956	2,942
Accruals and deferred income	5,412	4,781
	26,961	**19,487**

Amounts owed to group undertakings are non-interest bearing and are repayable on demand. Amounts owed to group undertakings are unsecured.

16 Deferred taxation

The Company has recognised and unrecognised deferred tax assets as follow:

		Recognised	
		31 December 2016	**31 December 2015**
	Note	**£'000**	**£'000**
Accelerated capital allowances		1,024	938
Other timing differences		(94)	(113)
Losses		134	390
Total Deferred tax		**1,064**	1,215

	Note		
At the start of the year		1,215	1,349
Deferred tax credit in the statement of comprehensive income for the year	7	(114)	(52)
Deferred tax charge in equity for the period		(38)	(27)
Adjustment in respect of prior years	7	1	(55)
At the end of the year		**1,064**	**1,215**

The net deferred tax asset expected to reverse in 2016 is £1,064,000. This primarily relates to the reversal of timing differences on capital allowances and trading losses.

17 Operating leases

The Company rents a number of motor vehicles and other items of office equipment through operating leases as well as the sites on which it is based. The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Plant and machinery 31 December 2016 £'000	Plant and machinery 31 December 2015 £'000	**Land and buildings 31 December 2016 £'000**	Land and buildings 31 December 2015 £'000	**Total 31 December 2016 £'000**	Total 31 December 2015 £'000
Not later than one year	67	94	104	109	171	203
Later than one year and not later than five years	48	77	75	179	123	256
Total	**115**	**171**	**179**	**288**	**294**	**459**

Notes to the financial statements for the year ended 31 December 2016 (continued)

18 Related party transactions

The Company has taken advantage of the exemptions available under paragraph 33.1A of FRS 102 not to disclose transactions with entities that are part of the Newell Brands Inc group by virtue of its status as a 100% owned subsidiary of a parent whose financial statements are consolidated and made publicly available.

19 Controlling parties

The immediate parent undertaking is Vine Mill Limited, a company registered in England and Wales (registered number 06322814). Vine Mill Limited is wholly owned by Pulse Home Products (Holdings) Limited, a company registered in England and Wales (registered number 06322952).

As at 31 December 2016, the ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Newell Brands Inc. Copies of the Newell Brands Inc consolidated financial statements can be obtained from the Company Secretary at 221 River Street, Hoboken, NJ 07030, USA.

20 Commitments and contingencies

As at 31 December 2016, the Company had the following commitments and contingencies:

- A memorandum of understanding with UPS Limited to provide haulage and warehousing services for a four year period which is due to expire on 31 March 2019.

The director has not identified any other commitments or contingencies as at 31 December 2016.