**WHIRLPOOL (UK) LIMITED**

**DIRECTORS' REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**DIRECTORS' REPORTS AND FINANCIAL STATEMENTS**
**For the year ended 31 December 2014**

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**COMPANY INFORMATION**
**For the year ended 31 December 2014**

| | |
|---|---|
| **DIRECTORS** | M. Pettorino *(appointed 2 March 2015)*<br>S.L. De Jonghe (*appointed 2 March 2015*)<br>N. Matthews (*resigned 20 August 2015*)<br>I. Lenarduzzi (*resigned* 15 January 2015)<br>D.J. Harrison (*appointed 1 January 2014, resigned 31 March 2015*) |
| **SECRETARY** | S. Ramdeholl (*appointed 20 August 2015*)<br>N. Matthews (*resigned 20 August 2015*) |
| **REGISTERED NUMBER** | 2295156 |
| **REGISTERED OFFICE** | Morley Way,<br>Peterborough,<br>PE2 9JB. |
| **SOLICITORS** | Bird and Bird,<br>15 Fetter Lane,<br>London,<br>EC4A 1JP. |
| **BANKERS** | Natwest Bank Plc,<br>1 High Street,<br>Croydon,<br>CR9 IPD.<br><br>Bank of America,<br>PO Box 407,<br>5 Canada Square,<br>London El4 5AQ. |
| **AUDITORS** | Ernst Young,<br>Chartered Accountants,<br>Harcourt Centre,<br>Harcourt Street,<br>Dublin 2. |

**STRATEGIC REPORT**
**For the year ended 31 December 2014**

**Registered No 2295156**

The directors present their strategic report for the year ended 31 December 2014.

**REVIEW OF THE DEVELOPMENT OF THE BUSINESS**
The company is engaged in marketing, distributing and servicing domestic appliances in the United Kingdom ('UK').

The company's key financial performance indicators during the year were as follows:

| | *2014* | *2013* | *Change* |
|---|---|---|---|
| | *£'000* | *£'000* | *%* |
| Turnover | 64,500 | 52,657 | 22% |
| Operating profit | 2,303 | 271 | 750% |
| (Loss)/profit after tax | (258) | 450 | -157% |
| Shareholders' funds | 20,783 | 19,312 | 8% |

Whirlpool (UK) Limited is part of Whirlpool Corporation, a leading manufacturer and marketer of major home appliances, with 2014 annual sales of US$19.87 billion and net earnings of US$650 million.

**FUTURE DEVELOPMENTS**
Following a review of operations in early 2015, the Board decided that the trade of Whirlpool (UK) Limited will cease and the business will be transferred to Indesit Company UK Limited. The company will be placed into a members' voluntary liquidation during 2016. On this basis, the directors consider it appropriate to prepare the financial statements for the year ended 31 December 2014 on a break up basis. Accordingly, the carrying value of assets represent their estimated realisable amounts and all liabilities which will arise have been accrued for. All non-current asset in the balance sheet are classified as current assets. All non-current liabilities in the balance sheet are classified as current liabilities.

**PRINCIPAL RISKS AND UNCERTAINTIES**
The company is expected to cease trading during 2015. The directors recognise their responsibility to ensure that risks are managed effectively during the wind-down of the company.

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis for the preparation of the Financial Statements. All trading assets and liabilities of Whirlpool (UK) Limited were sold to another group company on 1 October 2015, the Directors have determined that the Financial Statements should be prepared on a break up basis. Further details on this matter are disclosed in notes 1 and 21 of the Financial Statements.

Prior to the company ceasing all trading activities, the directors made the following considerations in determining the principal risk factors that could materially and adversely affect the company's operating results or financial position.

Whirlpool Corporation, the company's ultimate parent, has an Internal Control Group which is part of an overall global internal control/ audit function. This Group is responsible for ensuring Whirlpool Corporation and all its subsidiaries have a control framework to meet legal and regulatory requirements in a timely manner on an annual basis. This includes ongoing maintenance of an internal control framework and adherence to global accounting and operational policies to *maximise financial control and minimse risk exposure.*

In assessing risk and mitigating controls, Whirlpool Corporation applies a comprehensive risk based approach to scoping and testing. This approach focuses effort on higher risk areas and involves an annual evaluation of five different components.

*Financial data*
A compilation of financial data by entity is used to identify significant financial statements.

**STRATEGIC REPORT**
**For the year ended 31 December 2014**

**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

*Past issues*
A compilation of issues identified in the project year by the external auditor, internal audit services and the Internal Control Group.

*Inherent risks*
Assessment of the susceptibility of misstatement for each business process account balance or transaction.

*Fraud risks*
Consideration of the potential, nature and extent of investigations related to fraudulent activities impacting stock.

*Other*
Capturing of significant changes that have occurred in the organisation, such as major changes in processes, ERP implementation, changes in leadership, etc.

In addition to the risks identified on a group wide basis, the directors have considered the following risks and uncertainties relevant for Whirlpool (UK) Limited specifically during the financial year 2014.

*Competitive risks*
The company is subject to increased competitive and price pressures in the white goods market. The company is responding to this risk by continuing to offer new and innovative product solutions and implementation of cost cutting measures.

*Legislative risks*
The company is subject to company law, environmental and safety regulations in the UK. In line with the Waste Electronical and Electronic Equipment ('WEEE') Directive, the company pays WEEE costs one month in advance based on prior year sales. The company must also ensure that all goods sold have been manufactured to EU standards.

*Financial instrument risk*
The company's financial risks are managed within a framework of financial policies determined by the Board of Directors of the ultimate parent undertaking, Whirlpool Corporation. Cash management and currency exposure are managed centrally by the Group's treasury department in Brussels thus minimising uncertainties. The group has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas. As a consequence the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

*Credit exposure risk*
The company sells to a number of trading partners in the UK in the form of large retailers and buying groups in relatively mature markets. The credit policy of the company ensures that the management review of customer credit includes credit ratings and credit limits. The company also uses credit insurance to reduce its exposure to retailers affected by the economic downturn.

On behalf of the board:

M. Pettorino
Director

Date:
10 December 2015

**DIRECTORS' REPORT**
**For the year ended 31 December 2014**

**Registered No 2295156**
The directors submit herewith their report and audited financial statements for the year ended 31 December 2014.

**RESULTS AND DIVIDENDS**
The profit and loss account and balance sheet are set out on pages 8 and 9. Profit on ordinary activities before taxation for the year amounted to £215k (2013: £417k). The loss after taxation for the year amounted to £258k (2013: profit of £450k). The directors do not recommend a final dividend.

**GOING CONCERN**
Following a review of operations in early 2015, the Board decided that the trade of Whirlpool (UK) Limited will cease and the business will be transferred to Indesit Company UK Limited. The company will be placed into a members' voluntary liquidation during 2016.

On this basis, the financial statements for the year ended 31 December 2014 have been prepared on a break up basis. Accordingly, the carrying value of assets, represent their estimated realisable amounts and all liabilities which will arise have been accrued for. All non-current assets in the balance sheet are classified as current assets. All non - current liabilities in the balance sheet are classified as current liabilities.

**DIRECTORS**
The directors who served the company during the year were as follows:
M. Pettorino (appointed 2 March 2015)
S.L. De Jonghe (appointed 2 March 2015)
N. Matthews (resigned 20 August 2015)
I. Lenarduzzi (resigned 15 January 2015)
D.J. Harrison (appointed 1 January 2014, resigned 31 March 2015)

**POLICY AND PRACTICE ON PAYMENT OF CREDITORS**
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2014, the company had an average of 90 days purchases outstanding in trade creditors (2013: 90 days).

**EVENTS SINCE THE BALANCE SHEET DATE**
The company was fully operational for the first 9 months of the year in 2015, after which its assets and liabilities were sold to another group company on 1 October 2015. All employees of the company have either left the company or been hired by another group company. The plan is to liquidate the company in 2016.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**
So far each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**DIRECTORS' REPORT (continued)**
**For the year ended 31 December 2014**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

**AUDITORS**
A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the board:

M. Pettorino
Director

Date:
10 December 2015

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHIRLPOOL UK LIMITED

We have audited the financial statements of Whirlpool UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss, Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These financial statements have been prepared on the break-up basis.

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

## Scope of the audit of the financial statements

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 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHIRLPOOL UK LIMITED (continued)

### 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.

### 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
- the financial statements are not in agreement with the accounting records; 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.

D Quinn

Dermot Quinn (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

Date: 17 December 2015

## PROFIT & LOSS ACCOUNT
**For the year ended 31 December 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| **Turnover** | 2 | 64,500 | 52,657 |
| Cost of sales | | (49,891) | (39,640) |
| **Gross profit** | | 14,609 | 13,017 |
| Administrative expenses | | (12,306) | (12,746) |
| **Operating profit** | 3 | 2,303 | 271 |
| Exceptional costs | 4 | (2,320) | - |
| Interest receivable and similar income | 7 | 286 | 240 |
| Interest payable and similar charges | 8 | (54) | (94) |
| **Profit on ordinary activities before taxation** | | 215 | 417 |
| Tax on profit on ordinary activities | 9 | (473) | 33 |
| **(Loss)/profit for the financial year** | 17 | (258) | 450 |

All amounts relate to discontinuing activities.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
**For the year ended 31 December 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| (Loss)/profit for the financial year | | (258) | 450 |
| Actuarial gain/(loss) recognised on defined benefit pension scheme | 18 | 1,814 | (2,376) |
| Movement in deferred tax relating to defined benefit pension asset | 9 c | (85) | 278 |
| | | 1,729 | (2,098) |
| Total recognised gains and losses relating to the financial year | | 1,471 | (1,648) |

**BALANCE SHEET**
**As at 31 December 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 10 | - | 508 |
| Investments | 11 | - | 166 |
| | | - | 674 |
| **CURRENT ASSETS** | | | |
| Tangible assets | 10 | 375 | - |
| Investments | 11 | 166 | - |
| Defined benefit pension asset | 18 | 1,115 | - |
| Stocks | 12 | 3,806 | 4,383 |
| Debtors | 13 | 24,571 | 22,031 |
| Cash at bank | | 4,023 | 3,675 |
| | | 34,056 | 30,089 |
| **CURRENT LIABILITIES** | | | |
| Creditors (amounts falling due within one year) | 14 | (12,152) | (9,948) |
| Provision for liabilities | 15 | (1,121) | - |
| | | (13,273) | (9,948) |
| **NET CURRENT ASSETS** | | 20,783 | 20,141 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 20,783 | 20,815 |
| Provision for liabilities | 15 | - | (999) |
| Defined benefit pension liability | 18 | - | (504) |
| **NET ASSETS** | | 20,783 | 19,312 |
| **Financed by:** | | | |
| **SHAREHOLDERS' FUNDS** | | | |
| Called up share capital | 16 | 12,000 | 12,000 |
| Profit and loss account | 17 | 8,783 | 7,312 |
| Shareholders' funds (all equity interests) | 17 | 20,783 | 19,312 |

The financial statements on pages 8 to 21 were approved by the Board on 10 December 2015 and were signed on its behalf by:

M. Pettorino
Director

## 1 ACCOUNTING POLICIES

**Basis of preparation**
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. As explained in the directors' report, the directors of the company do not consider the company to be a going concern and have therefore prepared the financial statement on a break up basis.

**Group financial statements**
The financial statements present information on Whirlpool (UK) Limited as an individual company and not as a group. The company is exempt from the obligation to prepare group financial statements as permitted by Section 400 and 401 of the Companies Act 2006 as it is included in the group financial statements of Whirlpool Corporation. Details of how to obtain the financial statements of Whirlpool Corporation can be found in Note 21.

**Going Concern**
Following a review of operations, in early 2015 the Board decided that the company's trade will cease and that the company will be placed into a members' voluntary liquidation during 2016.

On this basis, the directors consider it appropriate to prepare the financial statements for the year ended 31 December 2014 on a break up basis. Accordingly, the carrying value of assets represent their estimated realisable amounts and all liabilities which will arise have been accrued for. All non-current assets in the balance sheet are classified as current assets. All non-current liabilities in the balance sheet are classified as current liabilities.

**Statement of cashflows**
The directors have taken advantage of the exemption in FRS 1 (Revised) from including a statement of cash flows in the financial statements on the groups basis that the company is wholly owned and its parent publishes group financial statements.

**Tangible fixed assets**
All fixed assets are initially recorded at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of the acquisition of each asset evenly over its expected useful life as follows:

| | |
|---|---|
| Leasehold land and buildings | - over the shorter of the lease term and 50 years |
| Plant and equipment: | |
| Furniture, fixtures and fittings | - 15% per annum |
| Computer and other equipment | - 14% - 20% per annum |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The company does not have any non-current assets on its books as at 31 December 2014.

**Investments**
The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Revenue recognition**
Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

## 1 ACCOUNTING POLICIES (continued)

**Sale of goods**
Revenue from sale of goods is recognised on dispatch of the goods.

**Stocks**
Stocks are stated at the lower of cost and net realisable value. Valuation at cost is calculated on a first-in first-out ('FIFO') basis. Net realised value is based on estimated selling price less any future costs expected to be incurred to completion and disposal.

**Deferred taxation**
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Operating leases**
Rentals payable under operating leases are charged in the profit and loss account as incurred over the life of the lease. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

**Pensions**
The Company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The UK defined benefit scheme was closed to new members in July 1995 from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current year (to determine current service cost) and to the current and prior years (to determine the present value of the defined benefit obligations) and is based on the actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting year or immediately if the benefits have vested. When a settlement or a curtailment occurs the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit or loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocable committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the profit and loss account as the other finance income or expense.

## 1 ACCOUNTING POLICIES (continued)

**Pensions (continued)**
Contributions to defined contribution schemes are recognised in the profit and loss account in the year in which they become payable.

**Repairs and maintenance**
Expenditure on repairs and maintenance is written off in the year in which it is incurred.

**Warranty provision**
A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outlay of economic benefits will be required to settle the obligation. The provision for warranty work is calculated on the past year's turnover using a replacement percentage based on experience, and the guarantee year.

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outlay of economic benefits will be required to settle the obligation. A dilapidation provision has been recognised in respect of the future costs associated with returning the company's leased premises to their original state on cessation of the lease.

## 2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to discontinued activities.

An analysis of turnover by geographical market is given below:

| | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|
| UK | 64,157 | 52,459 |
| Europe | 343 | 198 |
| | 64,500 | 52,657 |

## 3 OPERATING PROFIT

This is stated after charging/(crediting):

| | | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|---|
| Auditors' remuneration | | 50 | 45 |
| Depreciation of owned fixed assets | | 197 | 205 |
| Operating lease rentals | - plant and hire | (14) | 45 |
| | - land and buildings | 1,976 | 1,966 |
| Net gain on foreign currency translation | | (613) | (487) |

## 4 EXCEPTIONAL COSTS

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Severance and related costs | 1,746 | - |
| Fixed asset impairment | 31 | - |
| Dilapidation expense | 495 | - |
| Inventory impairment | 48 | - |
| | 2,320 | - |

Whirlpool (UK) Limited will cease its trade and the business will be transferred to Indesit Company UK Limited during 2015, and therefore the financial statements for the year ended 31 December 2014 have been prepared on a break up basis. Accordingly, any cost associated with the closure of the operations have been considered exceptional in nature. These costs include severance and related costs of the former employees, impairment and scrapping of certain tangible assets for both fixed assets and inventory and dilapidation expense relating to buildings. These costs are considered material and once off in nature and therefore classified as exceptional costs.

Tax has been calculated on the exceptional costs in line with the other income and costs included in the financial statements. £214K of severance and related costs are not considered tax deductible in the financial year 2014.

## 5 DIRECTORS' REMUNERATION

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Remuneration | 214 | 379 |
| Value of company pension contributions to money purchase schemes | - | 14 |
| The amounts in respect of the highest paid director are as follows: | | |
| Aggregate remuneration | 115 | 290 |
| Value of company pension contributions to money purchase schemes | - | 10 |

## 6 STAFF COSTS

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Wages and salary | 2,599 | 2,666 |
| Social security costs | 366 | 433 |
| Other pension costs | 155 | 153 |
| | 3,120 | 3,252 |

The average monthly number of employees during the year was made up as follows:

| | 2014 No. | 2013 No. |
|---|---|---|
| Administration and distribution | 72 | 78 |

## 7 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Interest on net pension scheme assets (note 18) | 286 | 240 |
| | 286 | 240 |

## 8 INTEREST PAYABLE AND SIMILAR INCOME

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Bank charges | 54 | 82 |
| On amount payable to group undertaking | - | 12 |
| | 54 | 94 |

## 9 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) *Tax on profit on ordinary activities*
The tax charge is made up as follows:

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| ***Current tax:*** | | |
| UK corporation tax on the profit for the year | 196 | 99 |
| Adjustment in respect of prior years | (20) | - |
| Total current tax (note 9 (b)) | 176 | 99 |
| ***Deferred tax:*** | | |
| Origination and reversal of timing differences | 297 | (133) |
| Adjustment in respect of prior years | 0 | 1 |
| Total deferred tax (note 9 (c)) | 297 | (132) |
| Tax charge on profit/(loss) on ordinary activities | 473 | (33) |

(b) *Factors affecting the current tax charge for the year*
The tax assessed for the year is lower than that resulting from applying the standard rate or corporation tax in the UK 21.5% (2013: 23.25%).

| The differences are explained below: | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Profit on ordinary activities before tax | 215 | 417 |
| **Tax at 21.5% / 23.25%** | 47 | 98 |
| Effects of: | | |
| Disallowed expenses | 48 | 4 |
| Depreciation in excess of capital allowances | (2) | 1 |
| Other timing differences | 105 | (1) |
| Group relief claim for nil consideration | (2) | (3) |
| Adjustment in respect of prior years | (20) | - |
| **Current tax charge for the year (note 9 (a))** | 176 | 99 |

## 9 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

*(c) Deferred tax*

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| *Analysis of deferred tax* | | |
| Depreciation in excess of capital allowances | 24 | 23 |
| Short term timing differences | 25 | 76 |
| Deferred tax asset included in debtors (note 13) | 49 | 99 |
| Deferred tax (liability)/asset included in pensions (note 18) | (296) | 134 |
| Total deferred tax | (247) | 233 |

The movements in deferred tax during the current year are as follows:

| | |
|---|---|
| At 1 January 2014 | 233 |
| Included in the profit and loss account (note 9(a)) | (297) |
| Included in the statement of total recognised gains and losses | (183) |
| At 31 December 2014 | (247) |

*(d)* Factors affecting future tax charge

The corporation tax rate was reduced to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. Further reductions in the tax rate have been announced but were not enacted by the balance sheet date. The current tax rate used in the accounts for the year ended 31 December 2014 is therefore 21.5% (2013: 23.25%) and the rate used for closing deferred tax balances is 20% (2013: 21%).

## 10 TANGIBLE FIXED ASSETS

| | Leasehold land and buildings £'000 | Plant and equipment £'000 | Total £'000 |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2014 | 778 | 4,533 | 5,311 |
| Additions | - | 95 | 95 |
| Disposal | (716) | (142) | (858) |
| At 31 December 2014 | 62 | 4,486 | 4,548 |
| **DEPRECIATION** | | | |
| At 1 January 2014 | 698 | 4,105 | 4,803 |
| Charge for the year | 31 | 166 | 197 |
| Elimination on disposal | (686) | (141) | (827) |
| At 31 December 2014 | 43 | 4,130 | 4,173 |
| **NET BOOK VALUE** | | | |
| At 31 December 2014 | 19 | 356 | 375 |
| At 1 January 2014 | 80 | 428 | 508 |

The leasehold land and buildings represent the cost of improvements to a property held on a short-term lease. There are no non-current assets on the financial statements of Whirlpool (UK) Limited as at 31 December 2014.

## 11 INVESTMENTS

| | ***Shares in subsidiary undertakings £'000*** |
|---|---|
| Cost and net book value: | |
| At 1 January 2014 and 31 December 2014 | 166 |

The company owns 100% of the ordinary shares in Whirlpool Ireland Limited, a company registered in the Republic of Ireland. The Irish company is engaged in marketing, distributing and servicing domestic appliances in the Republic of Ireland and Northern Ireland. There are no non-current assets on the financial statements of Whirlpool (UK) Limited as at 31 December 2014 and therefore these investments are classified as current assets in the balance sheet.

## 12 STOCKS

| | **2014 £'000** | **2013 £'000** |
|---|---|---|
| Finished goods | 3,806 | 4,383 |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

## 13 DEBTORS (amounts falling due within one year)

| | **2014 £'000** | **2013 £'000** |
|---|---|---|
| Trade debtors | 8,789 | 7,403 |
| Amount owed by group undertakings | 15,251 | 14,161 |
| Prepayments and accrued income | 210 | 339 |
| Deferred tax note (note 9(c)) | 49 | 99 |
| Corporation tax | 272 | 29 |
| | 24,571 | 22,031 |

Amounts owed by group undertakings are unsecured, interest free and receivable on demand.

## 14 CREDITORS (amounts falling due within one year)

| | **2014 £'000** | **2013 £'000** |
|---|---|---|
| Trade creditors and accruals | 616 | 1,441 |
| Amounts owed to group undertakings | 4,655 | 3,756 |
| Other taxation and social security | 2,443 | 1,477 |
| Accruals and deferred income | 4,438 | 3,274 |
| | 12,152 | 9,948 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## 15 PROVISIONS FOR LIABILITIES

| | *Onerous lease provisions £'000* | *Warranty provision £'000* | *Total £'000* |
|---|---|---|---|
| At 1 January 2014 | 187 | 812 | 999 |
| Charged during the year | - | 729 | 729 |
| Utilised during the year | (75) | (532) | (607) |
| At 31 December 2014 | 112 | 1,009 | 1,121 |

*Onerous*
The provision relates to the unavoidable lease payments associated with the Magnitude warehouse. It is expected that this provision will be fully utilised by July 2016.

*Warranty*
The provision relates to expected warranty claims on products sold during the last 2 years. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the balance sheet date.

## 16 CALLED UP SHARE CAPITAL

| | **2014 £'000** | **2013 £'000** |
|---|---|---|
| Allotted, called up and fully paid: | | |
| 12,000,000 ordinary shares of £1 each | 12,000 | 12,000 |

## 17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | **Share capital £'000** | **Profit & Loss account £'000** | **Total £'000** |
|---|---|---|---|
| At 1 January 2013 | 12,000 | 8,960 | 20,960 |
| Profit for the year | - | 450 | 450 |
| Actuarial loss on pension scheme | - | (2,376) | (2,376) |
| Movement on deferred tax relating to pension liability | - | 278 | 278 |
| At 1 January 2014 | 12,000 | 7,312 | 19,312 |
| Loss for the year | - | (258) | (258) |
| Actuarial gain on pension scheme | - | 1,814 | 1,814 |
| Movement on deferred tax relating to pension asset | - | (85) | (85) |
| At 31 December 2014 | 12,000 | 8,783 | 20,783 |

## 18 PENSIONS

Whirlpool (UK) Limited operates a final salary defined benefit pension scheme in the United Kingdom. This scheme is funded by the payment of contributions to a separately administered trust fund. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations, using the attained age method.

The UK defined benefit scheme was closed to new members in July 1995 from which time membership of a defined contribution plan is available. The pension charge for the money purchase section is equal to the contributions paid, which totalled £116k (2013: £108k).

The latest actuarial valuation of the Whirlpool UK Pension Scheme took place on 28 February 2014 and was updated by Kerr Henderson Hewitt Limited to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2014. Scheme assets are stated at their market values at the respective balance sheet dates. Following the amendment to FRS 17, the fair value of the scheme assets are stated at their bid-values for quoted securities, rather than the mid market values.

| | 2014<br>% | 2013<br>% | 2012<br>% |
|---|---|---|---|
| *Key financial assumptions* | | | |
| Rate of increase in salaries | 3.60 | 3.60 | 3.40 |
| Rate of increase in pension in payment | 3.00 | 3.40 | 2.80 |
| Discount rate | 3.60 | 4.50 | 4.50 |
| Inflation assumption | 3.10 | 3.60 | 2.20 |

***Reconciliation of funded status to balance sheet***

| | 2014<br>£'000 | 2013<br>£'000 | 2012<br>£'000 |
|---|---|---|---|
| Fair value of scheme assets | 32,485 | 28,381 | 28,316 |
| Present value of funded defined benefit obligations | (31,074) | (29,019) | (27,016) |
| Asset/(liability) recognised on the balance sheet | 1,411 | (638) | 1,300 |
| Related deferred tax (liability)/asset | (296) | 134 | (299) |
| Net pension | 1,115 | (504) | 1,001 |

***Analysis of amount charged to profit and loss account***

| | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|
| Current service cost | 33 | 42 |
| Interest cost | 1,278 | 1,190 |
| Expected return on scheme assets | (1,283) | (1,393) |
| Gain recognised in profit and loss account | 28 | (161) |

## 18 PENSIONS (continued)

*Expected return on assets*

| | Long term rate of return expected at 31 Dec 2014 | Market Value at 31 Dec 2014 | Long term rate of return expected at 31 Dec 2013 | Market Value at 31 Dec 2013 | Long term rate of return expected at 31 Dec 2012 | Market value at 31 Dec 2012 |
|---|---|---|---|---|---|---|
| | % | £'000 | % | £'000 | % | £'000 |
| Equities | | 6,628 | | 7,216 | | 6,476 |
| Government bonds | | 23,725 | | 19,049 | | 19,177 |
| Corporate bonds | | 2,011 | | 2,005 | | 2,355 |
| Cash | | 111 | | 111 | | 308 |
| Combined | 3.60% | 32,475 | 4.60% | 28,316 | 5.00% | 27,857 |

Whirlpool (UK) Limited employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme at 31 December 2014.

***Changes to the present value of the defined benefit obligation during the year***

| | 2014 | 2013 |
|---|---|---|
| | £'000 | £'000 |
| Opening defined benefit obligation | 29,019 | 27,016 |
| Current service cost | 33 | 42 |
| Interests cost | 1,278 | 1,190 |
| Contributions by scheme participants | 7 | 9 |
| Actuarial loss on scheme liabilities | 2,019 | 1,967 |
| Net benefits paid out | (1,282) | (1,205) |
| Closing defined benefit obligation | 31,074 | 29,019 |

***Changes to the fair value of scheme assets during the year***

| | 2014 | 2013 |
|---|---|---|
| | £'000 | £'000 |
| Opening fair value of scheme assets | 28,381 | 28,316 |
| Expected return on scheme assets | 1,283 | 1,393 |
| Actuarial gain/(loss) on scheme liabilities | 3,833 | (409) |
| Contributions by the employer | 263 | 277 |
| Contributions by scheme participants | 7 | 9 |
| Net benefits paid out | (1,282) | (1,205) |
| Closing fair value of scheme assets | 32,485 | 28,381 |

| ***Actual return on scheme assets*** | 2014 | 2013 |
|---|---|---|
| | £'000 | £'000 |
| Expected return on scheme assets | 1,283 | 1,393 |
| Actuarial gain/(loss) on scheme liabilities | 3,833 | (409) |
| Actuarial return on scheme assets | 5,116 | 984 |

## 18 PENSIONS (continued)

***Analysis of amounts recognised in statement of total recognised gains and losses***

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Total actuarial gain/(loss) | 1,814 | (2,376) |
| Total gain/(loss) in statement of total recognised gains and losses | 1,814 | (2,376) |
| Cumulative amount of losses recognised in statement of total recognised gains and losses | (562) | (6,321) |

***History of assets values, defined benefit obligation and surplus/(deficit) in scheme***

| | 2014 £'000 | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 |
|---|---|---|---|---|---|
| scheme assets | 32,485 | 28,381 | 28,316 | 27,859 | 25,088 |
| Defined benefit | (31,074) | (29,019) | (27,016) | (25,505) | (24,709) |
| Surplus/ (deficit) in scheme | 1,411 | (638) | 1,300 | 2,354 | 379 |

***History of experience gains and losses***

| | 2014 £'000 | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 |
|---|---|---|---|---|---|
| Experience gain/(loss) on scheme assets | 3,833 | (409) | (112) | 1,943 | 1,361 |
| Experience gaining scheme liabilities | - | - | - | 741 | - |

***Estimated contributions***

The employers' best estimate of contributions to be paid to the scheme by the company next year is £282k. The employer's best estimate of contributions to be paid to the scheme by employees next year is £4k.

***Defined contribution***

Whirlpool (UK) Limited also operate a defined contribution pension scheme. No amounts were payable to participants of the scheme at 31 December 2014 (31 December 2013: nil). Contributions to the defined benefit scheme in 2014 amounted to £216k.

On 1 October 2015 the Company sold the majority of its assets and liabilities to Indesit Company UK Limited and its trade ceased. Within the asset transfer the defined benefit pension scheme of the company was transferred along with all related assets and liabilities of the scheme. There will be no future liability to Whirlpool (UK) Limited regarding this scheme and any potential short fall will be covered by Indesit Company UK Limited who will be taking on the full liability of the pension scheme.

## 19 OTHER FINANCIAL COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

| | *2014* | | *2013* | |
|---|---|---|---|---|
| | ***Land and buildings £'000*** | ***Other £'000*** | ***Land and buildings £'000*** | ***Other £'000*** |
| Operating leases which expire: | | | | |
| Within one year | 1,599 | 83 | - | - |
| In two to five years | - | - | 1,912 | 238 |
| | 1,599 | 83 | 1,912 | 238 |

The business of Whirlpool (UK) Limited has been transferred to Indesit Company UK Limited on 1 October 2015 and from this date all leasing obligations have been meet by Indesit Company UK Limited.

## 20 RELATED PARTY TRANSACTIONS

The directors have taken advantage of the exemptions conferred by FRS 8 as the company is a wholly owned subsidiary undertaking of Whirlpool Corporation, and accordingly no disclosure has been made of transactions with other group undertakings.

## 21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Whirlpool Corporation, incorporated in the state of Delaware in the United States of America, is the ultimate parent undertaking and controlling party of Whirlpool (UK) Limited. The immediate parent undertaking was BWI Products Limited (incorporated in the United Kingdom), however, during the year this was changed to Whirlpool International Manufacturing Sarl (incorporated in Luxembourg).

The immediate parent company of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member of is Whirlpool Corporation. Copies of the financial statements of Whirlpool Corporation are available from Whirlpool Centre, 209 Purley Way, Croydon, CR9 4RY.