

Glen Dimplex Home Appliances Limited

Directors' report and
financial statements

**18 month period ended
30 September 2018**

Registered number: 2692306

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Glen Dimplex Home Appliances Limited

UK 2692306

Directors' report and financial statements

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Glen Dimplex Home Appliances Limited

UK 2692306

Directors and other information

Directors

M. Naughton
N. Naughton
J. Casley
S. Yarwood
F. Naughton
D. Flynn

Secretary

S. Yarwood

Registered office

Stoney Lane
Prescot
Merseyside
L35 2XW

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Banker

The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

HSBC Bank plc
1 Centenary Square
Birmingham
B1 1 HQ

Solicitor

Gordons
Riverside West
Whitehall Road
Leeds
LS1 4AW

Strategic report

The principal activities of the Company during the period were the manufacture and sale of appliances including domestic cookers, domestic and commercial refrigeration equipment, leisure cookers, gas boilers, and related spare parts. Turnover also includes servicing charges.

The Company is exposed to a range of risks, the principal risks are as follows:

- Product demand – increasingly consumers are more demanding in relation to product functionality and appearance, consequently product lives are becoming shorter;
- Exchange fluctuations – the Company has significant foreign currency exposures in euro and US dollar, which are not naturally hedged, and is thus exposed to fluctuations in exchange rates; and
- General economic risk – the Company is exposed to general economic risk, including changes in the economic outlook of the UK and government changes in industrial, fiscal, monetary or regulatory policies. In particular, there is significant uncertainty regarding the UK economy following the Brexit vote.

The principal key performance indicators used by management to monitor performance are as follows:

- Gross margin and operating profit measures;
- Changes in sales volumes and sales prices;
- Various working capital measures including cash conversion; and
- Various measures in relation to capital expenditure.

On behalf of the board



D. Flynn
Director

2 April

2019

Directors' report

The directors present their directors' report together with the audited financial statements of the Company. During the period the Company extended its year end from 31 March 2018 to 30 September 2018 in order to move to a year end in line with its ultimate parent company. As a result these financial statements cover an eighteen month accounting period to 30 September 2018.

Results and state of affairs as at 30 September 2018

Turnover for the period was £192 million (2017: £140 million). The loss before interest and non-trading items amounted to £11.6 million (2017: £2.4 million). Shareholders' funds amounted to £49.2 million at 30 September 2018 (2017: £60.1 million).

During the period the Company announced that it was considering proposals to exit loss-making segments of the market, outsourcing the manufacture of certain products with the objective of ensuring a viable business in the future. As a result of this restructuring decision costs of £6.6 million have been charged in the period.

Future developments

The restructuring which the Company commenced during the period will continue and it is the intention that this will improve the profitability of the Company in the medium to long term. The directors continue to develop the principal activities of the Company and to identify areas with further growth potential. The Company is engaged in ongoing research and development work in order to improve its product range and to increase its market share.

Dividends and retention

No dividends or transfers to reserves are recommended by the directors in respect of the current period (2017: £Nil).

Directors, secretary and their interests

The directors and secretary who served during the period are as follows:

M. Naughton
N. Naughton (appointed as director 29 May 2018)
J. Casley
F. Naughton
D. Flynn
A. Griffiths (resigned as director 30 June 2018)
D Hewlett (resigned as director 31 December 2017)
S. Yarwood (director and secretary)

The directors and secretary do not have any interests which are required to be disclosed under the Companies Act 2006.

Disabled employees

Application for employment by disabled persons is always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Directors' report *(continued)*

Supplier payment policy

The Company's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction.

Post balance sheet events

There have been no significant post balance sheet events that would require disclosure in the financial statements.

Financial instruments

Due to the nature of its business, the Company is exposed to the effects of fluctuations in foreign currency exchange rates and interest rates. In order to manage these exposures, the Company has entered into various hedging arrangements with commercial banks. These arrangements comprise the use of forward currency purchase and sales contracts. Further details are set out in the notes to these financial statements.

Political and charitable donations

There were no political or charitable donations made during the period (2017: £Nil).

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG will therefore continue in office.

By order of the board



D. Flynn
Director

2 April 2019

Stoney Lane
Prescot
Merseyside
L35 2XW

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

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 assets, liabilities and financial position of the Company and of its profit or loss 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;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2006.

On behalf of the board



D. Flynn
Director

2 April 2019



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Glen Dimplex Home Appliances Limited

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Glen Dimplex Home Appliances Limited ('the Company') for the 18 month period ended 30 September 2018 set out on pages 9 to 36, which comprise the statement of profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its result for the period then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt^a over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.



Independent auditor's report to the members of Glen Dimplex Home Appliances Limited *(continued)*

1 Report on the audit of the financial statements *(continued)*

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in regard to these matters.



Independent auditor's report to the members of Glen Dimplex Home Appliances Limited *(continued)*

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

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, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Roger Gillespie (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
Chartered Accountants Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

2 April 2019

Glen Dimplex Home Appliances Limited

UK 2692306

Statement of profit and loss account and other comprehensive income for the 18 month period ended 30 September 2018

	Note	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Turnover	2	191,976	139,961
Cost of sales		(162,862)	(114,594)
		<hr/>	<hr/>
Gross profit		29,114	25,367
Operating expenses	3	(40,681)	(27,799)
		<hr/>	<hr/>
Loss on ordinary activities before interest and non-trading items		(11,567)	(2,432)
Interest and other finance costs, net	4	(1,310)	(680)
Non-trading items	5	(6,602)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation	6	(19,479)	(3,112)
Tax on loss on ordinary activities	8	945	(245)
		<hr/>	<hr/>
Loss for the financial period/year		(18,534)	(3,357)
		<hr/>	<hr/>
Other comprehensive income/(expense)			
Remeasurement of defined retirement benefit obligations		9,108	(10,501)
Effective portion of changes in fair value of cash flow hedges		-	(2,463)
		<hr/>	<hr/>
		9,108	(12,964)
Income tax (charge)/credit on other comprehensive Income/(expense)		(1,548)	2,041
		<hr/>	<hr/>
Other comprehensive income/(expense) for the period/year, net of income tax		7,560	(10,923)
		<hr/>	<hr/>
Total comprehensive expense for the period/year		(10,974)	(14,280)
		<hr/>	<hr/>

Glen Dimplex Home Appliances Limited

UK 2692306

Balance sheet

as at 30 September 2018

	Note	30 September 2018 £'000	31 March 2017 £'000
Fixed assets			
Goodwill	10	791	1,055
Tangible assets	11	21,339	23,054
		<hr/>	<hr/>
		22,130	24,109
		<hr/>	<hr/>
Current assets			
Inventories	12	22,468	18,583
Debtors	13	101,947	113,863
Derivative financial instruments	14	381	276
Cash at bank and in hand		2,564	2,292
		<hr/>	<hr/>
Creditors: amounts falling due within one year	15	127,360 (67,042)	135,014 (58,208)
		<hr/>	<hr/>
Net current assets		60,318	76,806
		<hr/>	<hr/>
Total assets less current liabilities		82,448	100,915
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	16	(1,178)	(1,437)
Government grants	17	(1,129)	(1,346)
Provisions for liabilities	18	(7,082)	(2,274)
		<hr/>	<hr/>
Net assets before retirement benefit obligations		73,059	95,858
Retirement benefit obligations	21	(23,898)	(35,723)
		<hr/>	<hr/>
Net assets		49,161	60,135
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19(a)	100	100
Share premium		14,461	14,461
Capital contribution	19(b)	16,000	16,000
Profit and loss account		18,600	29,574
		<hr/>	<hr/>
Shareholders' funds		49,161	60,135
		<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements.

On behalf of the board



D. Flynn
Director

2 April

2019

Glen Dimplex Home Appliances Limited

UK 2692306

Statement of changes in equity for the 18 month period ended 30 September 2018

	Called up share capital £000	Share Premium £000	Capital contribution £000	Profit and loss account £000	Cash flow hedge reserve £000	Total equity £000
Balance at 1 April 2016	100	14,461	16,000	41,883	1,971	74,415
Total comprehensive expense for the year						
Loss for the year	-	-	-	(3,357)	-	(3,357)
Other comprehensive expense (note 25)	-	-	-	(8,952)	(1,971)	(10,923)
Total comprehensive expense for the year	-	-	-	(12,309)	(1,971)	(14,280)
Balance at 31 March 2017	100	14,461	16,000	29,574	-	60,135
Balance at 1 April 2017	100	14,461	16,000	29,574	-	60,135
Total comprehensive expense for the period						
Loss for the period	-	-	-	(18,534)	-	(18,534)
Other comprehensive income (note 25)	-	-	-	7,560	-	7,560
Total comprehensive expense for the period	-	-	-	(10,974)	-	(10,974)
Balance at 30 September 2018	100	14,461	16,000	18,600	-	49,161

Notes

forming part of the financial statements

1 Accounting policies

Glen Dimplex Home Appliances Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in the United Kingdom. The registered number is 2692306 and the registered address is Stoney Lane, Prescott, Merseyside, L35 2XW.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

These financial statements present the results and balance sheet of the Company only. The Directors have availed of the exemption under Section 400 of the Companies Act 2006 not to prepare group accounts on the basis that the results of the Company and its subsidiary undertakings are included in the group accounts of Glen Dimplex Europe Holdings Limited. The consolidated financial statements of Glen Dimplex Europe Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1. As the consolidated financial statements of Glen Dimplex Europe Holdings Limited include the equivalent disclosures, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key management personnel compensation; and
- The disclosure required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments; and financial instruments classified at fair value through the profit or loss.

Going concern

The Company has considerable financial resources in the form of group intercompany loans together with long-term relationships with a number of customers and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

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

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

Basic financial instruments**Trade and other debtors/creditors**

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in preference and ordinary shares

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1 Accounting policies (continued)

Other financial instruments*Financial instruments not considered to be basic financial instruments (other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value or the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

	Years
Freehold and long leasehold premises	25
Plant, equipment and tooling	4 - 8
Fixtures, fittings and equipment	3 - 8
Motor vehicles	4

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Company.

The Company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Goodwill**Goodwill**

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102.27 when there is an indication that goodwill or an intangible asset may be impaired.

Notes (continued)

1 Accounting policies (continued)

Government grants

Government grants are credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand less all further costs to completion and all costs expected to be incurred in marketing, selling and distribution.

Impairment*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Employee benefits

The Company provides pensions to a certain number of its employees through contributions to a variety of separately administered defined benefit and defined contribution schemes.

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

The Company operates a defined benefit pension plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

Notes *(continued)***1 Accounting policies** *(continued)***Employee benefits** *(continued)*

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Turnover

Turnover represents the invoiced value of goods sold to customers less VAT, returns and allowances, and is recognised on shipment of the related goods.

Expenses**Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes (*continued*)1 Accounting policies (*continued*)**Expenses** (*continued*)*Interest receivable and interest payable*

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains/losses.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Research

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Operations and turnover

The principal activities of the Company during the period were the manufacture and sale of appliances including domestic cookers, domestic and commercial refrigeration equipment, leisure cookers, gas boilers and related spare parts. Turnover also includes servicing charges.

Contributions to turnover by geographical destination supplied were as follows:

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
United Kingdom	172,889	129,487
Rest of Europe	11,631	5,268
Other	7,456	5,206
	<hr/>	<hr/>
	191,976	139,961
	<hr/>	<hr/>

Segmental disclosure of turnover by source and by class of business and profit before taxation and net assets by geographical area and by class of business are not provided, as, in the opinion of the directors, such information would be prejudicial to the interests of the Company.

3 Operating expenses

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Selling and distribution costs	23,529	16,547
Administration expenses	13,902	8,697
Research expenditure	3,296	2,437
Other income, net	(46)	118
	<hr/>	<hr/>
	40,681	27,799
	<hr/>	<hr/>

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Notes (continued)

4 Interest and other finance costs, net	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
(i) Interest		
Finance lease interest payable	(87)	(47)
Bank interest	(6)	(12)
	<u>(93)</u>	<u>(59)</u>
(ii) Other finance income/(costs), net		
Interest on defined benefit scheme liabilities (note 21)	(1,322)	(897)
Fair value movement on forward foreign exchange contracts	105	276
	<u>(1,217)</u>	<u>(621)</u>
Interest and other finance costs, net	<u>(1,310)</u>	<u>(680)</u>
5 Non-trading items	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Restructuring costs	6,602	-
6 Loss on ordinary activities before taxation	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation (note 11)	4,637	3,266
Operating lease rentals	261	259
Auditor's remuneration – in respect of financial statements	119	97
Grant amortisation (note 17)	(217)	(118)
Profit on sale of fixed assets	(46)	(43)

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Notes (continued)

7 Staff costs

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Employee costs during the period/year comprised:		
Wages and salaries	46,132	31,059
Social security costs	4,523	2,977
Retirement benefit costs	1,560	869
	<hr/>	<hr/>
	52,215	34,905
	<hr/>	<hr/>

The average number of persons employed by the Company during the period/year was as follows:

	18 month period ended 30 September 2018	Year ended 31 March 2017
Production	770	807
Distribution and sales	174	188
Research	41	47
Administration	79	74
	<hr/>	<hr/>
	1,064	1,116
	<hr/>	<hr/>

Directors' remuneration:

The remuneration of the directors, including pension contributions, was as follows:

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Emoluments	1,341	571
	<hr/>	<hr/>

Directors' pensions:

The number of directors who were members of the Company pension schemes were as follows:

	18 month period ended 30 September 2018	Year ended 31 March 2017
Defined benefit schemes	-	-
	<hr/>	<hr/>

Notes (continued)

7 Staff costs (continued)*Highest paid director:*

Directors' emoluments include the following in respect of the highest paid director:

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Emoluments	546	167

8 Tax on loss on ordinary activities

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Corporation tax	-	91
Adjustment in respect of prior year	-	-
Current tax charge for the period/year	-	91
Deferred tax (credit)/charge (note 9)	(945)	154
Total tax (credit)/charge for the period/year	(945)	245

Notes (continued)

8 Tax on loss on ordinary activities (continued)

The difference between the total taxation shown above and the amount calculated by applying the standard rate of corporation tax is as follows:

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Loss on ordinary activities before tax	(19,479)	(3,112)
Tax on loss on ordinary activities at average standard corporation tax rate of 19% (2017: 20%)	(3,701)	(622)
<i>Effects of:</i>		
Permanent depreciation	182	127
Sales of fixed assets	5	-
Capital grants received	-	(249)
Items not deductible	255	41
Impact on deferred tax of a change in the tax rate	180	116
Deferred tax adjustment in respect of prior year	-	(253)
Capital allowance provision	-	91
Group relief surrendered	2,025	1,052
Other	109	(58)
Total tax charge for the period/year	(945)	245

Unutilised tax losses of £20.3 million remain unrecognised at 30 September 2018, in accordance with the accounting policy for such losses.

Factors that may affect future tax charges:

With effect from 1 April 2017, the UK corporation tax rate was reduced from 20% to 19%. The rate is expected to stay at 19% with an expected reduction by 2% to 17% for the year starting 1 April 2020.

Notes (continued)

9 Deferred tax

The movement on the deferred tax balance for the period/year was as follows:

	30 September 2018 £'000	31 March 2017 £'000
Balance at beginning of period/year	7,611	5,724
Credit/(charge) for period/year (note 8)	945	(154)
Cash flow reserve in O.C.I.	-	492
Retirement benefits in O.C.I.	(1,548)	1,549
	<hr/>	<hr/>
Balance at end of period/year	7,008	7,611
	<hr/>	<hr/>

The deferred tax asset at 30 September 2018 consists of an asset of £2.9 million (2017: £1.5 million) relating to originating timing differences. In addition, a deferred tax asset of £4.1 million (2017: £6.1 million) arises in relation to retirement benefit obligations in the balance sheet (note 21).

10 Goodwill	Cost £'000	Amortisation £'000	Net £'000
Opening – 31 March 2017	1,766	(711)	1,055
Charge for the period	-	(264)	(264)
	<hr/>	<hr/>	<hr/>
Closing – 30 September 2018	1,766	(975)	791
	<hr/>	<hr/>	<hr/>

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Notes (continued)

11 Tangible assets

	Freehold and long leasehold premises £'000	Plant equipment and tooling £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At beginning of period	23,301	37,473	9,588	3,795	74,157
Additions	-	1,767	744	1,154	3,665
Disposals	-	(1,108)	(17)	(1,777)	(2,902)
At end of period	23,301	38,132	10,315	3,172	74,920
Depreciation					
At beginning of period	7,662	33,841	7,943	1,657	51,103
Charge for the period	1,082	1,436	1,143	976	4,637
Disposals	-	(939)	(13)	(1,207)	(2,159)
At end of period	8,744	34,338	9,073	1,426	53,581
Net book value					
At 30 September 2018	14,557	3,794	1,242	1,746	21,339
At 31 March 2017	15,639	3,632	1,645	2,138	23,054

Included in the above are the following amounts in respect of fixed assets which are financed by finance leases and which continue to be legally owned by the lessors:

	30 September 2018 £'000	31 March 2017 £'000
Net book value	1,746	2,138
Depreciation charge for period/year	976	693

Notes (continued)

12 Inventories	30 September 2018 £'000	31 March 2017 £'000
Raw materials	5,234	2,944
Work in progress	2,123	2,110
Finished goods	15,111	13,529
	<hr/>	<hr/>
	22,468	18,583
	<hr/>	<hr/>

The replacement cost of inventories did not differ significantly from the amounts shown above. Inventories are stated net of a provision for impairment of £2.7 million (2017: £2.1 million).

13 Debtors: amounts falling due within one year	30 September 2018 £'000	31 March 2017 £'000
Trade debtors (a)	14,922	23,278
Amounts owed from group undertakings (b)	78,523	82,036
Deferred tax (note 9)	7,008	7,611
Other debtors	95	38
Prepayments and accrued income	1,399	900
	<hr/>	<hr/>
	101,947	113,863
	<hr/>	<hr/>

(a) Trade debtors are stated net of a provision of impairment of £144,000 (2017: £159,000).

(b) The amounts owed from group undertakings are unsecured, interest free and repayable on demand.

Notes (continued)

14 Financial instruments

2018	Assets/ (liabilities) at fair value through profit or loss £'000	Total £'000
Financial assets		
Forward foreign exchange contracts	381	381
Total financial assets	381	381
Financial liabilities		
Forward foreign exchange contracts	-	-
Total financial liabilities	-	-
Total net financial assets	381	381
2017	Assets/ (liabilities) at fair value through profit or loss £'000	Total £'000
Financial assets		
Forward foreign exchange contracts	276	276
Total financial assets	276	276
Financial liabilities		
Forward foreign exchange contracts	-	-
Total financial liabilities	-	-
Total net financial assets	276	276

(a) Financial instruments measured at fair value*Derivative financial instruments*

The fair value of forward exchange contracts is determined using quoted forward foreign currency exchange rates at the balance sheet date.

Notes (continued)

14 Financial instruments (continued)

(b) Financial risk management

Foreign currency

Due to the nature of its business, the Company was exposed to the effects of fluctuations in foreign currency exchange rates. In order to manage these exposures, the Company enters into various hedging arrangements. At 30 September 2018, the Company had commitments under forward foreign exchange contracts, whereby it is committed to purchase contracts with a sterling equivalent of £41,287,786 (2017: £35,302,564).

Credit risk

In order to manage credit risk exposure, the Company has procedures in place to set customer credit limits and also to monitor credit exposure on an ongoing basis.

15 Creditors: amounts falling due within one year	30 September 2018 £'000	31 March 2017 £'000
Obligations under finance leases (note 16)	567	690
Trade creditors	15,681	20,424
Amounts owed to other group undertakings (a)	34,626	16,910
Taxation and social security	805	1,014
VAT	2,205	3,983
Accruals and deferred income	13,158	15,187
	<hr/>	<hr/>
	67,042	58,208
	<hr/>	<hr/>

(a) The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16 Creditors: amounts falling due after one year	30 September 2018 £'000	31 March 2017 £'000
Obligations under finance leases	1,178	1,437
	<hr/>	<hr/>

Notes (continued)

16 Creditors: amounts falling due after one year (continued)

The maturity of obligations under finance leases is as follows:

	30 September 2018 £'000	31 March 2017 £'000
Amounts payable		
Within one year (note 15)	567	690
Between two and five years	1,178	1,437
More than five years	-	-
	<u>1,745</u>	<u>2,127</u>

The lease agreement includes fixed lease payments, there is no obligation to purchase at the end of the lease term.

17 Government grants

	30 September 2018 £'000	31 March 2017 £'000
Balance at beginning of period/year	1,346	221
Addition	-	1,243
Amortisation	(217)	(118)
	<u>1,129</u>	<u>1,346</u>
Balance at end of period/year		

18 Provisions for liabilities

	Warranty £'000	Restructuring £'000	Total £'000
Opening – 1 April 2017	2,274	-	2,274
Charge for the period	5,575	5,250	10,825
Utilised in period	(5,575)	(442)	(6,017)
	<u>2,274</u>	<u>4,808</u>	<u>7,082</u>
Closing – 30 September 2018			
Opening – 1 April 2016	2,274	-	2,274
Charge for the year	3,917	-	3,917
Utilised in year	(3,917)	-	(3,917)
	<u>2,274</u>	<u>-</u>	<u>2,274</u>
Closing – 31 March 2017			

Notes (continued)

18 Provision for liabilities (continued)

The provision for warranties relates to expected warranty claims on products sold at the balance sheet date.

The restructuring provision relates to redundancy payments, inventory provisions and the impairment of fixed assets.

19 Shareholders' funds	30 September 2018 £'000	31 March 2017 £'000
(a) Called up share capital		
Authorised		
100,100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
100,100 ordinary shares at £1 each	100	100
	<hr/>	<hr/>
	30 September 2018 £'000	31 March 2017 £'000
(b) Capital contribution		
Capital contribution	16,000	16,000
	<hr/>	<hr/>

During the year ended 31 March 2003, the Company received a non-repayable capital contribution of £16.0 million from Glen Electric Limited, of which the Company is a wholly owned subsidiary.

20 Commitments and contingencies**(a) Operating lease commitments**

Non-cancellable operating lease rentals are payable as follows:

	18 month period ended 30 September 2018 £'000	Year ended 31 March 2017 £'000
Less than one year	110	167
Between two and five years	-	660
More than five years	-	358
	<hr/>	<hr/>
	110	1,185
	<hr/>	<hr/>

During the year £261,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £259,000).

Notes (continued)

20 Commitments and contingencies (continued)

	30 September 2018 £'000	31 March 2017 £'000
(b) Capital commitments		
Authorised and contracted for	-	-
Authorised and not contracted for	394	397
	<hr/>	<hr/>
	394	397
	<hr/>	<hr/>

(c) Government grants

Grants have been received from Northwest Development Agency in respect of expenditure on certain fixed assets. These grants are repayable in certain circumstances, principally the sale of grant-aided assets, the failure to meet or maintain certain employment levels or the discontinuance, in part or in whole, of certain operations. The contingent liability existing at 30 September 2018 was £1,213,000 (2017: £1,213,000).

(d) Litigation

Due to the nature of its operations, the Company is involved in various legal actions none of which are significant. It is not practical to accurately quantify the extent, if any, of any costs or awards which may accrue to the Company as a result of these actions. The Company accounts for legal costs associated with these actions as they are incurred and takes any applicable settlement cost or award credit in the period in which the directors can ascertain with reasonable certainty, the outcome of the actions.

Notes (continued)

21 Retirement benefit obligations

A certain number of the Company's employees are members of the Glen Dimplex Home Appliances Pension Scheme and the Stoves Executive Pension Scheme, externally funded defined benefit schemes as well as various defined contribution pension schemes. On 30 September 2009 the Glen Dimplex Home Appliances defined benefit pension scheme was closed to further accrual.

The charge to the Company for the defined benefit schemes amounted to £182,000 (2017: £104,000). The pension charge for payments to defined contribution schemes for the period was £1,560,000 (2017: £520,000).

Pension costs for the defined benefit schemes are assessed in accordance with the advice of a professionally qualified actuary and are subject to a triennial valuation by a qualified actuary, the last valuation being carried out as at 5 April 2016 for the Glen Dimplex Home Appliances pension scheme and 5 April 2017 for the Stoves Executive pension scheme.

The valuation was performed using the projected unit method and the principal assumption used was that the rate of investment return should exceed the rate of pensionable salary increases by 0.67% and the rate of deferred pension revaluation by 0.66%. The valuation has been updated by independent actuaries to take account of the requirements of Section 28 of FRS 102 in order to assess the liabilities as at 30 September 2018.

The major assumptions used for the actuarial valuations were:

	30 September 2018 %	31 March 2017 %
Rate of increase of pensions in payment	2.21-3.21	2.22-3.22
Rates of increases in salaries	0-2.20	0-2.20
Discount rate	2.87	2.63
Inflation rate	2.21-3.21	2.22-3.22

The fair value of the assets in the scheme and the present value of the liabilities at 30 September 2018 are as follows:

	Value at 30 September 2018 £'000	Value at 31 March 2017 £'000
Equities	26,809	26,316
Bonds	25,058	21,707
Other	20,919	22,650
	<hr/>	<hr/>
Total fair value of assets	72,786	70,673
Present value of benefit obligations	(96,684)	(106,396)
	<hr/>	<hr/>
Net retirement obligation	(23,898)	(35,723)
	<hr/>	<hr/>

Notes (continued)

21 Retirement benefit obligations (continued)

Assumptions regarding future mortality experience are set based on information from published statistics and experience in all geographic regions and are selected to reflect the characteristics and experience of the membership of the relevant plans, together with applying an underpin for improvement factors. The average life expectancy, in years, of a pensioner retiring at 65 is as follows:

	Period ended 30 September 2018 Years	Year ended 31 March 2017 Years
Male	20.6	21.7
Female	23.1	24.1

<i>Changes in defined benefit obligations</i>	30 September 2018 £'000	31 March 2017 £'000
At beginning of period/year	106,396	89,183
Current service cost	182	104
Employee contributions	20	19
Interest expense	4,076	3,115
Actuarial (gain)/loss	(8,790)	17,485
Benefits paid	(5,200)	(3,510)
At end of period/year	96,684	106,396

<i>Changes in fair value of plan assets</i>	30 September 2018 £'000	31 March 2017 £'000
At beginning of period/year	70,673	63,145
Employer contributions	4,700	2,062
Employee contributions	20	19
Benefits paid	(5,200)	(3,510)
Running costs paid by scheme	(479)	(245)
Actual return on scheme assets less interest income	318	6,984
Interest income	2,754	2,218
At end of period/year	72,786	70,673

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Notes (continued)

21 Retirement benefit obligations (continued)

Components of pension cost

Included in profit and loss account	30 September 2018 £'000	31 March 2017 £'000
Included in payroll costs:		
Current service costs	(182)	(104)
Net operating profit charge	<u>(182)</u>	<u>(104)</u>
Included in finance costs:		
Net interest on net defined benefit obligations	(1,322)	(897)
Net finance costs	<u>(1,322)</u>	<u>(897)</u>
Included in other comprehensive income	30 September 2018 £'000	31 March 2017 £'000
Actual return on scheme assets less interest income	318	6,984
Actuarial gain/(loss)	8,790	(17,485)
Remeasurement of gains/(losses) recognised in the statement of other comprehensive income	<u>9,108</u>	<u>(10,501)</u>

22 Ultimate parent undertaking

The Company's immediate parent company is Stoves Group Limited, a company registered in Northern Ireland. The ultimate parent company is Kilkee Investments Unlimited, a company incorporated in the Isle of Man. The controlling shareholder is M. Naughton.

The smallest group in which the results of the Company are consolidated is that of Glen Electric Limited, Rampart Road, Greenbank Industrial Estate, Warrenpoint Road, Newry, Co. Down, BT34 2QU, whose consolidated financial statements may be obtained from the Companies House UK, 2nd Floor, The Linenhall, 32-38 Linenhall Street, Belfast, BT2 8BG. The largest group in which the results of the Company are consolidated is that of Glen Dimplex Europe Holdings Limited, Airport Road, Cloghran, Co. Dublin, whose consolidated financial statements are available to the public and may be obtained from the Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1.

23 Subsidiary

The Company owns 100% of Lec Refrigeration Limited, a dormant company, with a registered office at Stoney Lane, Prescot, Merseyside, L35 2XW. The current value of the investment is £Nil.

Notes (continued)

24 Related party transactions

The Company has availed of the exemptions permitted under FRS 102.33.1(a) in not disclosing transactions with fellow wholly owned subsidiary undertakings which eliminate in the consolidated financial statements of Glen Dimplex Europe Holdings Limited.

25 Capital and reserves

Other comprehensive income	Cash flow hedging reserve £'000	Profit and loss account £'000	Total other comprehensive income £'000
2018			
Remeasurements of defined retirement benefit obligations	-	9,108	9,108
Income tax on other comprehensive income	-	(1,548)	(1,548)
	<hr/>	<hr/>	<hr/>
Total other comprehensive income	-	7,560	7,560
	<hr/>	<hr/>	<hr/>
2017	Cash flow Hedging Reserve £'000	Profit and loss account £'000	Total other comprehensive income £'000
Effective portion of changes in fair value of cash flow hedges	(2,463)	-	(2,463)
Remeasurements of defined retirement benefit obligations	-	(10,501)	(10,501)
Income tax on other comprehensive income	492	1,549	2,041
	<hr/>	<hr/>	<hr/>
Total other comprehensive income	(1,971)	(8,952)	(10,923)
	<hr/>	<hr/>	<hr/>

26 Accounting estimates and judgements

Key sources of estimation uncertainty and critical accounting judgements are as follows:

Post-retirement benefits

The Company's total obligation in respect of defined benefit pension schemes is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Company. Further details are set out in note 21.

Notes (continued)

26 Accounting estimates and judgements (continued)

Goodwill

The Company is required to review assets for objective evidence of impairment. It does this on the basis of a review of the budget and strategic plans (where appropriate), which by their nature are based on a series of assumptions and estimates. The Company has performed impairment tests on those cash generating units which contain goodwill, and on any assets where there are indicators of impairment. Details of the carrying value of goodwill is set out in note 10.

Recoverability of trade receivables

The Company provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Trade receivables are considered for impairment on a case by case basis, when they are past due at the reporting date or when objective evidence is received that a specific counterparty may default. The Company does not have a history of material customer default.

Valuation of inventory

Inventories are measured at the lower of cost and net realisable value. The Company's policy is to hold inventories at original cost and create an inventory provision where evidence exists that indicates net realisable value is below cost for a particular item of inventory. Damaged, slow-moving or obsolete inventory are typical examples of such evidence.

Warranty

Certain products carry formal guarantees for varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement. Details of the carrying value of warranty provisions is set out in note 18.

27 Approval of financial statements

The financial statements were approved by the directors on 2 April 2019.