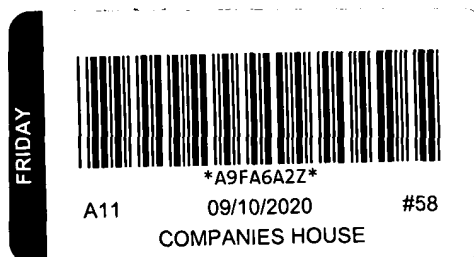


**Whirlpool UK Appliances Limited**

**Annual Report and Financial Statements**

Registered number 00106725

For the year ended 31 December 2019



## **Officers and professional advisors**

### **Directors**

Marco Bellinzona  
Camila Perina  
Tetiana Pidhaina  
Andrzej Tuleja  
Zoltan Varga

### **Secretary**

Tetiana Pidhaina

### **Registered Office**

Morley Way  
Peterborough  
PE2 9JB

### **Bankers**

HSBC Bank plc  
62-76 Park Street  
London  
SE1 9DZ

### **Solicitors**

Taylor Wessing  
50 Victoria Embankment  
London  
EC4Y 0DZ

### **Auditor**

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

### **Registration number**

00106725

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## Strategic Report

As required by the amendments to the Companies Act 2006, the directors of Whirlpool UK Appliances Limited (formerly Indesit Company UK Limited) ("the Company") present their annual report and the Financial Statements for the year ended 31 December 2019.

### Principal activities

Whirlpool UK Appliances Limited is a company incorporated in England and Wales and wholly owned by General Domestic Appliances Holdings Limited.

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

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

### Business review and future developments

The UK domestic appliance market increased by 4.4% in volumes for the year ended 31 December 2019 compared to a reduction in the prior year of 3.8%. This increase was particularly driven by a reduction in the average price, particularly in washing and cooling product categories which resulted in a slightly negative reduction in sales value versus the previous year.

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

The Company's strategy in the year ended 31 December 2019 was to improve the mix of the free standing offer, whilst maintaining the growth trend shown in 2018 for the built-in segments and channels. The rationalization of the offer on one side drove a slightly declining Market Share performance on the free standing business in the first half of the year, partially recovered in the third and fourth quarter; on the other side the focus on built-in business drove an increase of 0.6% in market share in this area.

Whirlpool Corporation in the normal course of business engages in investigations of potential quality and safety issues. As part of its ongoing effort to deliver quality products to consumers, it investigates certain potential quality and safety issues globally. As necessary Whirlpool Corporation, undertakes to repair or replace appliances in the event that an investigation leads to the conclusion that such action is warranted. As part of this process, Whirlpool Corporation investigated incident reports associated with a particular component in certain Indesit designed horizontal axis washers produced in EMEA. Subsequently, in November 2019 a recall campaign was launched covering up to 519,000 washing machines sold in the UK and Ireland. Any costs associated with this recall campaign are recharged to Whirlpool EMEA S.p.A. In the statement of financial position a trade receivable due from Group undertakings has been recorded for £76,464,000 with a trade payable also recorded of £76,464,000.

As part of a restructuring of the UK business on 27 February 2019 General Domestic Appliances Holdings Limited transferred cash in the amount of £121.5m to Whirlpool UK Appliances Limited in exchange for shares at a premium.

The Indesit Company UK Defined Benefit Pension scheme liability increased in the year by £10.6m (2018: £16.4m decrease) with a £2.3m (2018: £2.4m) charge to the profit and loss for interest cost, a £17.9m actuarial loss (2018: £10.5m actuarial gain) driven by a reduction in the discount rate from 2.4% to 1.9%, offset by £9.6m employer contributions, (2018: £9.4m).

The Whirlpool (UK) Limited Pension scheme asset increased in the year by £0.6m with a £0.1m gain to the profit and loss for interest income and a £0.5m actuarial gain taken to other comprehensive income.

## Strategic Report (continued)

### Business review and future developments (continued)

On June 23, 2017, London's Metropolitan Police Service released a statement that it had identified a Hotpoint-branded refrigerator as the initial source of the Grenfell Tower fire in West London. UK authorities are conducting investigations, including regarding the cause and spread of the fire. The model in question was manufactured by the company between 2006 and 2009. The company is fully cooperating with the investigating authorities. During 2019, costs of £1,496,000 (2018: £4,504,000) were incurred in connection with these investigations relating to forensic experts, legal and regulatory submissions, together with assisting the public inquiry.

As in prior years the Company's focus throughout the year ending 31 December 2020 will be to ensure that the Company maximises its value by offering the total Whirlpool Corporation package to the retailer and through to the end consumer. The market as a whole is expected to remain on par with 2019.

### Section 172 statement

This section describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

Company is committed to creating value through the highest standards of ethical and legal conduct while operating sustainably to create shareholder value over the long-term. Our Board of Directors, sound corporate governance structure, and values-driven integrity culture support us in delivering on this commitment. Our Board is composed of individuals with experience and demonstrated expertise in many substantive areas that impact our business and align with our strategy.

### A STEADFAST COMMITMENT TO SOUND CORPORATE GOVERNANCE & ETHICS

| Corporate Governance  | Ethics and Compliance   |
|---|---|
| Board Promotion of Strategy   | Our Values: Integrity, Respect, Inclusion & Diversity, One Whirlpool, Spirit of Winning                             |
| Board Oversight Environmental, Social, and Governance<br>• Review of strategy<br>• Updates on long-term initiatives | Our Integrity Manual (translates our integrity into action and empowers employees to lead with integrity)           |
| Proxy Access  | Our Integrity Principles: we do what is right for consumers, our people, our company, and do business the right way |
| Shareholder Engagement  | Supplier Code of Conduct  |

### Our stakeholders

The directors consider that the following groups are the Company's key stakeholders. The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions. The Board do this through various methods, including: direct engagement by Board members; receiving reports and updates from members of management who engage with such groups; and coverage in our Board papers of relevant stakeholder interests with regard to proposed courses of action.

**Workforce** - The strength of our business is built on the hard work and dedication of all Whirlpool's people. We also consider the interests of former employees who are members of the company pension schemes. Our colleagues rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can be at their best.

## Strategic Report *(continued)*

### Section 172 statement *(continued)*

**Communities and the environment** - We are committed to maintaining strong, lasting connections in the communities in which we do business. Communities and the wider public expect us to act as a responsible company and neighbour, and to minimise any adverse impact we might have on local communities and the environment.

**Regulators** - We seek to maintain a constructive and cooperative relationship with the bodies that authorise and regulate our business activities. This helps to maintain a reputation for high standards of business conduct. They expect us to comply with applicable laws and regulations.

**Consumers** - Our consumers are the reason we exist. It is essential to our future that we can consistently and continuously design and offer attractive, innovative, stylish domestic appliances of high quality to new and existing consumers at an accessible price with the pursuit of improving life at home. In doing so we will build our brand and our loyalty. We aim to be the best kitchen and laundry company, in constant pursuit of improving life at home. We keep the consumer at the centre of everything we do.

**Suppliers** - we hold ourselves to high standards, and we expect our suppliers and third parties acting on behalf of Whirlpool Corporation to do business the right way as well. Our suppliers are key to our success and to maintaining the high standards and reputation of our brands. We require our suppliers not only to be technically qualified, but also to commit to our ethical standards and business practices.

We require all of our suppliers to abide by our Supplier code of conduct. The Supplier code of conduct states, in part, that suppliers must recognize and respect human rights, including any rights of workers to exercise lawful rights of free association, compliance with local and international laws regarding young workers, compliance with laws prohibiting human trafficking in any form (e.g., forced labor, debt bonded slavery), providing safe and healthy work environments, and respecting any legal right of workers to bargain collectively.

#### **Having regard to the likely consequences of any decision in the long term**

The Board remains mindful that the company in pursuit of delivering quality products to its consumers, takes any quality issues of appliances very seriously. It's the driving force behind everything we do, and it's why we're fiercely committed to developing innovative products, continuously improving our processes, and operating a more efficient business that uses resources wisely and creates value for all stakeholders.

Today, this vision calls us to confront a new type of challenge. To improve lives at home means recognizing that we need to be in constant pursuit of improving conditions for people and our planet. How Whirlpool participates in sustainability initiatives will impact our long-term success. Now more than ever, business can and must play a more central and effective role in addressing fundamental human and planetary needs.

Long term Goals. While we know it is often hard, our compass points the same timeless way: Doing the right thing, the right way, with integrity. By making all our products and plants more sustainable, we are driving better life at home for everyone. We strive to deliver better environmental performance for all. This is central to upholding our promise to earn the trust of our stakeholders every day.

#### **Having regard to the interests of the Company's employees**

With the cooperation of its employees and Trade Union Representatives, the Company continuously seeks improved means of exchanging information on the Company's performance, future plans and prospects and to encourage awareness of the market and economic factors which influence the Company's development and growth. As part of such communications, the Company produces a regular newsletter. A number of benefits are provided including Employee assist, lifestyle awards and employee well being on-line. The Company is committed to upholding its values of Mutual Respect, Integrity, Diversity and Inclusion, Teamwork and the Spirit of Winning. The Company has a policy to encourage and assist in the employment of the disabled, their recruitment, training, career development and promotion, and the retention of employees who become disabled.

## Strategic Report *(continued)*

### Section 172 statement *(continued)*

#### **Workforce Development & Engagement**

We believe that all our employees need high-quality tools and training to do their best work. Our people have always been our greatest asset — and we work hard to ensure they are professionally challenged and always learning.

We provide a wide variety of flexible learning opportunities to enable our employees to develop and grow at Whirlpool. One of the primary channels we have implemented for employee learning is Whirlpool University, our resource for professional development and building best-in-class knowledge and skills. It provides access to instructor- and self-led courses and learning content aligned with Whirlpool Corporation's Strategic Imperatives, and is designed to create robust and personalized learning plans for our employees.

For the third year in a row, the Company was recognized as a Top Employer in the UK by the Top Employers Institute for our innovative practices in human resources management, high-standard development programs, and positive working environment.

#### **Inspiring Employees to Give Their Best**

Each year, Whirlpool Corporation conducts an employee engagement survey to assess employee opinions on various topics such as the success of training and development programs, company culture, and inclusion and diversity. This year, 82% of employees (2018: 82%) participated in the survey with 82% (2018: 82%) favorable employee engagement.

Employee positive response to one statement improved more than any other: "Whirlpool's culture supports diversity in the workplace (recognizing and respecting the value of human differences)." After the survey, anonymous results are delivered to people leaders to ensure that they are able to respond to any areas needing improvement and continue to raise engagement for all employees.

We continue to work hard every day to ensure we reflect an organisation that is both balanced and flexible as this brings numerous benefits for all our people and our consumers.

#### **Having regard to the need to foster the Company's business relationships with suppliers, customers and others:**

##### **Suppliers**

The procurement activity within Europe is centralised within Whirlpool EMEA S.p.A. The board of directors are involved in local procurement activities such as sourcing logistics providers or sourcing goods or services specific to the UK market.

##### **Consumers**

The sentiment of consumers can be seen in the Company's underlying sales performance figures, which the Board reviews regularly. The UK management team provides updates to the Board on their perceptions of consumer sentiment and market view. The interests of consumers are considered in key decisions e.g relating to: selection of appliances offered, features of the product, freight and logistics arrangements to maximise efficiencies for home delivery, and the consumer service repair of domestic appliances. Our consumers are at the core of our vision, mission, and strategy. We create demand and earn the trust of our consumers by meeting or exceeding their reasonable expectations during the foreseeable use of our products. If a product does not live up to our promise, we strive to maintain consumers' trust by providing a post-purchase service experience that meets or exceeds their expectations. With this in mind, in July 2019 Whirlpool Corporation initiated a voluntary recall for any remaining tumble dryers that had not already been modified or replaced as part of a corrective action campaign that was launched in November 2015. Also, the company investigated incident reports in certain Indesit designed horizontal axis washing machines manufactured in the EMEA region between 2014 and 2018. Subsequently in December 2019 a recall campaign was launched for upto 591,000 units sold in the UK.

## **Strategic Report** *(continued)*

### **Section 172 statement** *(continued)*

#### **Taxation**

Whirlpool manages its tax affairs responsibly and proactively to comply with the tax legislation. The Company seeks to have a transparent and constructive relationship with HMRC through regular update meetings and communication in respect of developments in the Company business. The Company ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, the Company intends to disclose all relevant facts. Further, should any inadvertent errors be identified, the Company actively seeks to disclose them to HMRC as soon as reasonably practicable.

#### **Having regard to the impact of the Company's operations on the community and the environment** **Community**

We participate in a wide range of local community engagement activities and various campaigns as well as provide volunteer opportunities within local communities. We also arrange an annual 'Community Week' to bring colleagues together to help provide services and assistance to local charitable organisations. A number of our employees also serve local nonprofit organisations and volunteer for committees that conduct social impact assessments. We collaborate with community organisations such as FoodCycle, British Heart Foundation and Sue Ryder Hospice.

In January 2020 the Company hosted an event to launch the FIRST LEGO League tournament for primary schools in the Peterborough area. The initiative was in response to the global science and technology challenge FIRST LEGO League, in which over 310,000 young people from across 100 countries came together to develop their STEM skills. This helps students to engage in their education and nurture important teamwork, problem solving and life skills.

#### **Environment**

The Board supports Whirlpool Corporation goals and initiatives that are implemented locally with regard to reducing adverse impacts on the environment and supporting the communities that it touches. It is our goal to have greenhouse gas emissions reduction of 20% from our products by 2030 versus our 2016 baseline and to have zero land waste to landfill from our Yate tumble dryer manufacturing facility by 2022.

Our team is always looking for ways to drive efficiency and save energy by implementing better practices and new technologies.

The way in which we carry out our everyday business through sound environmental practices is critical to our continued success. Our environmental commitment must be embedded in our business practices everywhere we operate, including how we design, source, manufacture, distribute, market, and manage end of life for our products. We utilize tools and processes to make our practices more sustainable.

In 2019, Whirlpool Corporation also began supporting the LifeGate PlasticLess campaign in southwestern England. A Seabin was installed in Portishead Quays Marina near Whirlpool's Yate facility to reduce plastic waste in the surrounding marina, which has maintained zero waste to landfill since 2015. We plan to continue collaborating with LifeGate PlasticLess in 2020 as we roll out Seabins around the U.K. coast.

We also provide all employees with reusable coffee cups and water bottles replacing hundreds of thousands of single use cups as well as removing plastic cutlery from food facilities.

#### **Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct**

The Company conducts all aspects of our business in an honourable way, recognizing there is no right way to do a wrong thing. Our values are the enduring character of our company and an important part of our heritage. They are the moral compass of everything we do. If our enduring values of Integrity, Respect, Inclusion and Diversity, One Whirlpool, and Spirit of Winning are the foundation of who we are as a company, then our culture for more than 100 years is reflected in our commitment to Winning with Integrity, because there is No Right Way to Do a Wrong Thing. This commitment is the foundation for our Global Ethics & Compliance Program.



## Strategic Report *(continued)*

### Section 172 statement *(continued)*

Whirlpool Corporation's Global Ethics & Compliance Program is focused on enhancing and sustaining our culture of winning with integrity within a risk-based framework, empowering employees with tools and resources to act with integrity. A cornerstone of our program is Our Integrity Manual.

#### OUR VALUES



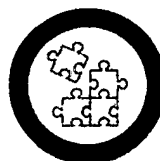
INTEGRITY



RESPECT



INCLUSION &  
DIVERSITY



ONE  
WHIRLPOOL



SPIRIT OF  
WINNING

In 2019 employees participated in training sessions on how to use the Integrity Manual which was issued during the year. The Integrity Manual Training Sessions emphasized that Our Integrity Manual is a resource for them to be empowered to lead and win with integrity every day, including tools, such as a decision tree when faced with an ethical question.

Whirlpool Corporation's Global Ethics & Compliance Program is designed with a comprehensive risk-based framework that is sustained through the efforts of a committed global team, policies, procedures, and systems for sustaining organizational integrity.

The critical components of the Global Ethics & Compliance Program are the risk-based ethics and compliance communications and training. During 2019, we delivered training on all of the principles of Our Integrity Manual virtually to the employees in the UK. In addition, employees in the UK representing high-risk roles or functions completed the Annual Ethics & Compliance Certification, wherein they certified their review and understanding of our Global Compliance Policies, including our anti-corruption policy.

We also offered targeted competition law compliance training to our sales and marketing teams and run Managers' Workshop for people leaders' responsibility for managing compliance risks and their role in leading by example and embodying our company purpose and values.

#### Having regard to the need to act fairly as between members of the Company

The Company is headed by Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America. Every quarter Whirlpool Corporation releases its financial results to its investors. The Company also posts important information for investors on its website [www.whirlpoolcorp.com](http://www.whirlpoolcorp.com) in its investors section.

## Principal risks and uncertainties

### *Economic risk*

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. As the epidemic evolves, it will be expected that many areas may detect imported cases and local transmission of COVID-19. As of now, COVID-19 has since spread to over 100 countries worldwide and on March 11, 2020 the World Health Organization ("WHO") declared COVID-19 a pandemic.

## Strategic Report *(continued)*

### Principal risks and uncertainties *(continued)*

The spread of the COVID-19 outbreak has caused severe disruptions in the UK and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries, including the UK, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

We are closely monitoring the potential impact of COVID-19 on our 2020 financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business. Our top priority remains the health and safety of our staff and clients.

We expect that the most significant potential impact on our financial results and cashflows resulting from COVID-19 would be in relation to Supply Chain, Customer Orders and Order Fulfilment.

Based on information provided by the Government, the HSE, the WHO and also available publicly, we are taking a number of measures to reduce any potential impact, including adjusting capacity to current demand environment, hiring freeze and launch of unpaid leave of absence program, and negotiating new payment terms with partners to preserve cash. Measures have also been taken to ensure Operations adhere to current HSE guidelines.

#### Other risks

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

The Company is continually monitoring the effects of leaving the European Union on 31 December 2020 and will confirm plans when further details are issued by the UK government.

By order of the board

  
Zoltan Varga  
Director

Morley Way  
Peterborough  
Cambridgeshire  
PE2 9JB

Date: 21 September 2020

## Directors' report

The directors present their Annual Report and Financial Statements of the Company for the year ended 31 December 2019.

### Results and dividends

The profit for the year after taxation amounted to £4,108,000 (2018: £3,225,000 loss). The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

### Directors and directors' interests

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

Marco Bellinzona  
Camila Perina  
Tetiana Pidhaina  
Andrzej Tuleja  
Lucianna Raffaini Carvalho (resigned 31 May 2019)  
Zoltan Varga (appointed 31 May 2019)

### Research and development

Included in Cost of Sales expenses in the Income Statement are research costs expensed in the year amounting to £566,000 (2018: £503,000). The research and development function, based at the Yate factory, concentrates on optimising the performance, quality, safety, cost and production efficiency of the tumble dryer using mechanical and electronic design tools.

### Employees

With the co-operation of its employees and Trade Union Representatives, the Company continuously seeks improved means of exchanging information on the Company's performance, future plans and prospects and to encourage awareness of the market and economic factors which influence the Company's development and growth. As part of such communications, the Company produces a regular newsletter. A number of benefits are provided including Employee assist, lifestyle awards and employee wellbeing on-line.

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

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

### Going concern

The Company's business activities, future developments and principal risk and uncertainty are set out in the Strategic Report on pages 1 to 7. The Company is expected to continue to generate positive cash flows through the sale, delivery and service of domestic appliances for the foreseeable future. The Company also participates in the Whirlpool Corporation European centralised treasury arrangement with Indesit Company International Business S.A.

As the Statement Of Financial Position has net current liabilities of £18.5m the directors, having received a letter of support from Whirlpool Corporation for financial support for the foreseeable future, being at least 12 months from the date of approval of these financial statement, and based upon the responses of the directors of the Company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Whirlpool Corporation to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position, having received a letter of support from the ultimate parent company and of the enquiries made of the directors of Whirlpool Corporation, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The response to the impact of COVID-19 is set out in the Principal Risks and Uncertainties section above.

## **Directors' report** *(continued)*

It is our view, to the best of our current knowledge, that Covid-19 will have / will not have a material adverse impact on the company's ability to continue as a going concern

Further details regarding the adoption of the going concern basis, in preparing the financial statements, can be found in the Accounting Policies (Note 1).

### **Prior year adjustment**

Whirlpool UK Appliances Limited previously disclosed cash pooling balances held by Indesit Company International Business S.A. as cash and cash equivalents in the financial statements. In the current year these amounts have been reclassified to current financial assets to better reflect the nature of these balances. A prior year adjustment has been recognised to present the prior year balances on the same basis. This has resulted in an increase in current financial payables of £78,718,000 and a corresponding increase in cash and cash equivalents. The cash flow has also been restated for this reclassification.

### **Events after the balance sheet date**

Other than as described in the Principal Risks and Uncertainties section above in relation to COVID-19, there were no significant events between the Balance Sheet date and the date of signing of the financial statements, affecting the Group, which require adjustment to or disclosure in the financial statements.

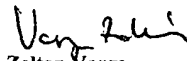
### **Disclosure of information to auditor**

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

### **Auditor**

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

By order of the board

  
Zoltan Varga  
Director

Morley Way  
Peterborough  
Cambridgeshire  
PE2 9JB

Date: 21 September 2020

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **Independent auditor's report to the members of Whirlpool UK Appliances Limited**

### **Opinion**

We have audited the financial statements of Whirlpool UK Appliances Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 38, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

### **Emphasis of matter – Disclosure on the effects of COVID-19**

We draw attention to Note 1 and Note 37 of the financial statements, which describes the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- ▶ the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 10, 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 the directors 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

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

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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.

A handwritten signature in black ink, appearing to read 'Ruth Logan', followed by the letters 'LLP'.

**Ruth Logan (Senior Statutory Auditor)**

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

Date: 22 September 2020



**Income statement**  
*for the year ended 31 December 2019*

|  | <i>Notes</i> | <b>2019</b><br><b>£000</b> | <b>2018</b><br><b>£000</b> |
|--|--------------|----------------------------|----------------------------|
| Revenue  | 3            | 580,407                    | 572,940                    |
| Cost of sales  | 4            | (465,982)                  | (454,978)                  |
| <b>Gross profit</b>                                    |              | <b>114,425</b>             | <b>117,962</b>             |
| Selling and distribution expenses                      | 5            | (71,934)                   | (79,027)                   |
| General and administrative expenses                    | 6            | (36,433)                   | (37,467)                   |
| <b>Operating profit</b>                                |              | <b>6,058</b>               | <b>1,468</b>               |
| Net financial charges                                  | 7            | (1,250)                    | (4,486)                    |
| <b>Profit/(loss) on ordinary activities before tax</b> |              | <b>4,808</b>               | <b>(3,018)</b>             |
| Tax on profit/(loss) on ordinary activities            | 8            | (700)                      | (207)                      |
| <b>Profit/(loss) for the financial year</b>            |              | <b>4,108</b>               | <b>(3,225)</b>             |

All amounts relate to continuing activities.

**Statement of total comprehensive income**  
*for year ended 31 December 2019*

|   | <i>Notes</i> | <b>2019</b><br><b>£000</b> | <b>2018</b><br><b>£000</b> |
|---|--------------|----------------------------|----------------------------|
| <b>Profit/(loss) for the year</b>                                 |              | <b>4,108</b>               | <b>(3,225)</b>             |
| <b>Other comprehensive (loss)</b>                                 |              |                            |                            |
| Cash flow hedges  |              |                            |                            |
| - Loss arising during the year                                    |              | (16,307)                   | (697)                      |
| - Deferred tax on cash flow hedge                                 |              | 2,854                      | 133                        |
|   |              | <u>(13,453)</u>            | <u>(564)</u>               |
| Actuarial gain/(loss)   |              |                            |                            |
| - Actuarial (loss) / gain on defined benefit pension schemes      | 25           | (17,474)                   | 10,579                     |
| - Deferred tax on actuarial (loss)/ gain                          | 25           | 2,970                      | (1,824)                    |
|   |              | <u>(14,504)</u>            | <u>8,755</u>               |
| <b>Other comprehensive (loss) / gain for the year, net of tax</b> |              | <b>(27,957)</b>            | <b>8,191</b>               |
| <b>Total comprehensive (loss) / gain for the year, net of tax</b> |              | <b>(23,849)</b>            | <b>4,966</b>               |
| <b>Attributable to:</b>   |              |                            |                            |
| Equity holders of the Company                                     |              | <b>(23,849)</b>            | <b>4,966</b>               |

## Statement of financial position

as at 31 December 2019

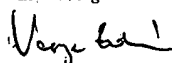
Company Registration number 00106725

|  | Notes | 2019<br>£000   | 2018<br>£000<br>Restated |
|--|-------|----------------|--------------------------|
| <b>Non-current assets</b>                    |       |                |                          |
| Property, plant and equipment                | 9     | 15,017         | 15,751                   |
| Goodwill                                     | 10    | 39,600         | 39,600                   |
| Other intangible assets with a definite life | 10    | 2,283          | 1,609                    |
| Right-of-use assets                          | 11    | 14,195         | -                        |
| Investment in subsidiaries                   | 12    | 1,892          | 1,892                    |
| Non-current receivables                      | 13    | 1,774          | 1,788                    |
| Non-current financial asset                  | 14    | 117,413        | 125,948                  |
| Employee benefit assets                      | 25    | 5,267          | 4,679                    |
| Deferred tax assets                          | 15    | 47,837         | 43,120                   |
| <b>Total non-current assets</b>              |       | <b>245,278</b> | <b>234,387</b>           |
| <b>Current assets</b>                        |       |                |                          |
| Inventories                                  | 16    | 65,649         | 48,314                   |
| Trade and other receivables                  | 17    | 115,455        | 43,283                   |
| Current financial assets                     | 18    | 59,557         | 3,491                    |
| Due from tax authorities                     | 19    | -              | 14                       |
| Cash at bank and on hand                     | 20    | 19,500         | 19,091                   |
| <b>Total current assets</b>                  |       | <b>260,161</b> | <b>114,193</b>           |
| <b>Total assets</b>                          |       | <b>505,439</b> | <b>348,580</b>           |
| <b>Equity</b>                                |       |                |                          |
| Share capital                                | 21    | 77,196         | 77,196                   |
| Share premium                                | 21    | 202,457        | 80,928                   |
| Hedging reserve                              | 22    | (11,435)       | 2,018                    |
| Actuarial (losses) on pension scheme         | 23    | (159,669)      | (145,165)                |
| Retained earnings                            |       | (14,200)       | (18,827)                 |
| <b>Total equity</b>                          |       | <b>94,349</b>  | <b>(3,850)</b>           |
| <b>Non-current liabilities</b>               |       |                |                          |
| Employee benefit liabilities                 | 25    | 102,432        | 91,593                   |
| Provisions for risks and charges             | 26    | 1,912          | 1,264                    |
| Non-current financial payables               | 27    | 8,715          | -                        |
| Deferred tax liabilities                     | 15    | 1,010          | 1,430                    |
| Other payables                               | 28    | 19,353         | 19,548                   |
| <b>Total non-current liabilities</b>         |       | <b>133,422</b> | <b>113,835</b>           |
| <b>Current liabilities</b>                   |       |                |                          |
| Current provisions for risks and charges     | 26    | 34,337         | 48,578                   |
| Financial payables                           | 29    | 16,596         | 81,299                   |
| Trade payables                               | 30    | 207,230        | 89,103                   |
| Due to tax authorities                       | 31    | 14,727         | 15,009                   |
| Other payables                               | 32    | 4,778          | 4,606                    |
| <b>Total current liabilities</b>             |       | <b>277,668</b> | <b>238,595</b>           |
| <b>Total liabilities</b>                     |       | <b>411,090</b> | <b>352,430</b>           |
| <b>Total equity and liabilities</b>          |       | <b>505,439</b> | <b>348,580</b>           |

The Annual Report and Financial Statements were approved and authorised for issue by the board of directors on 21 September 2020 and were signed on its behalf by:

Director

Zoltan Varga



**Statement of cash flows**  
*for the year ended 31 December 2019*

|   | <i>Notes</i> | <b>2019</b><br><b>£000</b> | 2018<br>£000<br>Restated |
|---|--------------|----------------------------|--------------------------|
| Profit /(loss) for the year   |              | <b>4,108</b>               | (3,225)                  |
| Adjustments to reconcile profit after tax to net cash flows:  |              |                            |                          |
| Tax on profit/ (loss) on ordinary activities  | 8            | <b>700</b>                 | 207                      |
| Depreciation and amortisation   |              | <b>3,545</b>               | 3,721                    |
| Net financial income  | 7            | <b>1,250</b>               | 4,486                    |
| Loss on sale of property, plant and equipment and intangible assets                                       |              | <b>557</b>                 | 20                       |
| Working capital adjustments:  |              |                            |                          |
| (Increase)/ decrease in trade and other receivables   |              | <b>(72,172)</b>            | 7,765                    |
| (Increase) /decrease in inventories   |              | <b>(17,335)</b>            | 8,393                    |
| Increase / (decrease) in trade and other payables   |              | <b>(19,349)</b>            | 9,465                    |
| (Decrease) /increase in provisions for risks and charges  |              | <b>(13,593)</b>            | 8,729                    |
| Difference between pension contributions paid and amounts recognised in statement of comprehensive income |              | <b>(9,617)</b>             | (9,439)                  |
| Foreign exchange and movement in derivatives  |              | <b>2,302</b>               | (8,458)                  |
| Payment of interest and other financial charges   |              | <b>(68)</b>                | (1,891)                  |
| Interest received and other financial income  |              | <b>2,594</b>               | 1,055                    |
| <b>Cash flow (absorbed) /created by operating activities</b>  |              | <b>(117,078)</b>           | 20,828                   |
| Purchase of property, plant and equipment   | 9            | <b>(2,760)</b>             | (1,791)                  |
| Purchase of intangible assets   | 10           | <b>(1,282)</b>             | (396)                    |
| <b>Cash flow absorbed by investing activities</b>   |              | <b>(4,042)</b>             | (2,187)                  |
| Issuac of ordinary shares   | 21           | <b>121,529</b>             | -                        |
| <b>Cash flow created by financing activities</b>  |              | <b>121,529</b>             | -                        |
| <b>Net increase in cash and cash equivalents</b>  |              | <b>409</b>                 | 18,641                   |
| Cash and cash equivalents, at the start of the year   | 20           | <b>19,091</b>              | 450                      |
| <b>Cash and cash equivalents, at the end of the year</b>  | 20           | <b>19,500</b>              | 19,091                   |

**Statement of changes in equity**  
*as at 31 December 2019*

|   | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Hedging<br>Reserve<br>£000 | Actuarial<br>losses<br>£000 | Retained<br>Earnings<br>£000 | Total<br>Equity<br>£000 |
|---|--------------------------|--------------------------|----------------------------|-----------------------------|------------------------------|-------------------------|
| Balance at 1 January 2018   | 77,196                   | 80,928                   | 2,582                      | (153,920)                   | (15,602)                     | (8,816)                 |
| Loss for the financial year   | -                        | -                        | -                          | -                           | (3,225)                      | (3,225)                 |
| Net loss on cash flow hedges  | -                        | -                        | (564)                      | -                           | -                            | (564)                   |
| Actuarial loss on defined benefit<br>pension schemes (net of deferred<br>tax) | -                        | -                        | -                          | 8,755                       | -                            | 8,755                   |
| Total comprehensive income  | -                        | -                        | (564)                      | 8,755                       | (3,225)                      | 4,966                   |
| Balance at 31 December 2018   | 77,196                   | 80,928                   | 2,018                      | (145,165)                   | (18,827)                     | (3,850)                 |
| Balance at 1 January 2019, as<br>previously reported                          | 77,196                   | 80,928                   | 2,018                      | (145,165)                   | (18,827)                     | (3,850)                 |
| Change in accounting policy   | -                        | -                        | -                          | -                           | 519                          | 519                     |
| Adjusted balances at 1 January<br>2019  | 77,196                   | 80,928                   | 2,018                      | (145,165)                   | (18,308)                     | (3,331)                 |
| Profit for the financial year   | -                        | -                        | -                          | -                           | 4,108                        | 4,108                   |
| Net loss on cash flow hedges  | -                        | -                        | (13,453)                   | -                           | -                            | (13,453)                |
| Actuarial loss on defined benefit<br>pension schemes (net of deferred<br>tax) | -                        | -                        | -                          | (14,504)                    | -                            | (14,504)                |
| Total comprehensive income  | -                        | -                        | (13,453)                   | (14,504)                    | 4,108                        | (27,180)                |
| Share capital issued at a premium   | -                        | 121,529                  | -                          | -                           | -                            | 121,529                 |
| Balance at 31 December 2019   | 77,196                   | 202,457                  | (11,435)                   | (159,669)                   | (14,200)                     | 94,349                  |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### Company activities

Whirlpool UK Appliances Limited is a private limited company based in the United Kingdom and incorporated in England and Wales. The registered address being Morley Way, Peterborough, PE2 9JB.

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

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

#### Consolidated financial statements

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

#### Approach taken

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

#### Going concern

The Company's business activities, future developments and principal risk and uncertainty are set out in the Strategic Report on pages 1 to 7. The Company is expected to continue to generate positive cash flows through the sale, delivery and service of domestic appliances for the foreseeable future. The Company also participates in the Whirlpool Corporation European centralised treasury arrangement with Indesit Company International Business S.A.

As the Statement Of Financial Position has net current liabilities of £12.1m. The directors, having received a letter of support from Whirlpool Corporation for financial support for the foreseeable future, being at least 12 months from the date of approval of these financial statement, and based upon the responses of the directors of the Company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Whirlpool Corporation to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position, having received a letter of support from the ultimate parent company and of the enquiries made of the directors of Whirlpool Corporation, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Declaration of compliance with international accounting standards

The financial statements of the Company have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") and their interpretations as endorsed by the EU and effective at 31 December 2019.

#### Basis of preparation

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

#### Consolidated financial statements

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

#### Investments

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

## Notes (continued)

### 1 Accounting policies (continued)

#### Accounting estimates

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

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

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

#### Treatment of foreign currency transactions and balances

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

#### Cash flow hedges

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

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

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

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

#### Property, plant and equipment

##### Investment in own operating assets

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

##### Depreciation

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

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

## Notes (continued)

### 1 Accounting policies (continued)

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

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

| Category              | Useful lives       |
|-----------------------|--------------------|
| Buildings             | 25 years           |
| Plant and equipment   | From 3 to 20 years |
| Fixtures and fittings | 10 years           |

#### Goodwill

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

#### Research and development expenditure

The costs of research incurred to acquire new knowledge are charged in the Statement of Comprehensive Income as incurred. Development expenditure incurred to create new products or improve existing products, or to develop and improve production processes, is capitalised if the innovations made result in technically feasible processes and/or commercially saleable products, on condition that there is an intention to complete the development project, sufficient resources are available for such completion, and the economic costs and benefits deriving from such innovations can be measured reliably. Capitalised expenditure includes both internal and external design costs (including payroll and materials) and the portion of general production costs reasonably attributable to the projects concerned. Capitalised development expenditure is treated as an intangible asset with a finite life and is amortised over the expected period of economic benefit, which is generally deemed to be 5 years. Adjustments are recorded to reflect any impairment identified subsequent to initial recognition. Other development expenses not meeting the aforementioned criteria are charged in the Statement of Comprehensive Income as incurred.

#### Other intangible assets

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

#### Trade receivables

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

#### Other current and non-current financial assets

Financial assets held for trading are classified as current assets and measured at fair value, with recognition of any profits or losses in the Statement of Comprehensive Income.

Securities and other financial assets classified as available for sale are stated at their fair value. Gains and losses deriving from fair-value measurement are recognised directly, except for impairment losses and exchange rate losses which are charged to the income statement. The deferred gains and losses recognised in equity are released to the Statement of Comprehensive Income at the time of sale. Receivables maturing beyond one year that do not earn interest or which earn interest at below market rates are discounted using market rate. The interest earned on financial assets, determined using the effective interest method is booked through the income statement. The fair value of financial assets held for trading and those available for sale is represented by their market price at the balance sheet date.

#### Inventories

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



## Notes (continued)

### 1 Accounting policies (continued)

#### **Impairment of assets**

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

#### **Cash and cash equivalents**

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

#### **Share capital**

Share capital is recorded at nominal value. Dividends are recognised through the Statement of Changes in Equity in the year in which they are paid.

#### **Employee benefits**

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

#### **Provisions for risks and charges**

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

The principal liabilities covered by provisions are described below:

#### *Provision for product warranty*

The product liability provision represents the expected liability of damages caused by faulty products not covered by insurance.

#### *Provision for product warranty*

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

## Notes (continued)

### 1 Accounting policies (continued)

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

##### *Provision for employee liability*

The employee liability provision is a provision for known claims on the company by previous employees for industrial diseases.

##### *Provision for environmental costs*

The environmental provision is for the decontamination of the Peterborough site from historical site operations.

##### *Provision for other costs*

The provision for other costs is for the committed future costs of a building in Ireland.

## Capital structure

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

## Income and expenditure

### *Revenue*

#### Major Product Category Sales

For product sales we recognize a sale when the customer receives the product based upon agreed shipping terms. Each unit sold is considered an independent, unbundled performance obligation. We do not have any additional performance obligations other than product sales that are material in the context of the contract. The amount of consideration we receive and revenue varies due to sales incentives and returns we offer to our customers. When we give our customers the right to return eligible products, we reduce revenue for our estimate of the expected returns which is primarily based on an analysis of historical experience.

#### Spare Parts & Warranties

For spare part sales, we transfer control and recognize a sale when the customer receives product based upon agreed shipping terms. Each unit sold is considered an independent, unbundled performance obligation. We do not have any additional performance obligations other than spare part sales that are material in the context of the contract. The amount of consideration we receive and revenue we recognize varies due to sales incentives and returns we offer to our customers.

Warranties are classified as either assurance type or service type warranties. A warranty is considered an assurance type warranty if it provides the consumer with assurance that the product will function as intended. A warranty that goes above and beyond ensuring basic functionality is considered a service type warranty. Assurance type warranties are not accounted for as separate performance obligations under the revenue model. If a service type warranty is sold, revenue is recognized over the life of the warranty.

We do not offer extended payment terms beyond one year to customers. As such, we do not adjust our consideration for financing arrangements.

#### Inter Company Sales

For inter-company sales, we recognize a sale when the customer received the product based on agreed shipping terms. The amount of consideration received is based on the invoiced value determined by the Group inter-company sales pricing policy.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Other income*

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

#### *Expenses*

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

#### *Cost of sales*

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

#### *Selling, distribution, general and administrative expenses*

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

#### *Leases*

The Company has applied IFRS16 using the modified retrospective approach. The impact of changes is disclosed on page 26.

#### Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- a. fulfilment of the arrangement was dependent on the use of a specific asset or assets;
- b. the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to use the asset whilst obtaining or controlling more than an insignificant amount of the output.
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

#### Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- a. the contract involves the use of an identified asset.
- b. the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- c. the Company has the right to direct the use of the asset.

The Company has applied this approach to contracts in place, entered into or changed on or after 1 January 2019.

The Company recognises a right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

## Notes (continued)

### 1 Accounting policies (continued)

#### Leases (continued)

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in non-current financial payables and current financial payables.

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### Net financial charges

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

#### Taxation

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

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

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

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

**Notes (continued)**

**1 Accounting policies (continued)**

**Changes in accounting policies, changes in accounting estimates and reclassifications**

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company applied IFRS16 Leases with a date of initial application of 1 January 2019. As a result the Company has changed its accounting policy for lease contracts.

IFRS 16 supersedes IAS17 Leases, IFRIC 4 determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company applied IFRS16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019

The Company adopted IFRS 16 in accordance with the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS17 and IFRIC14. Right of use assets of £14,708,000 and lease liabilities of £13,652,000 were recognised as at 1 January 2019 with the difference being recognised in retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 2.2%.

Of these liabilities £5,394,000 was due within one year. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

## Notes (continued)

### 2 Financial risk management

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

- Liquidity risk
- Currency risk
- Credit risk

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

#### Liquidity risk

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

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

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

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

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

#### Currency risk

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

| Currency | 2019                     |                          | 2018                     |                          |
|----------|--------------------------|--------------------------|--------------------------|--------------------------|
|          | Average<br>exchange rate | Closing<br>exchange rate | Average<br>exchange rate | Closing<br>exchange rate |
| EUR      | 1.14                     | 1.18                     | 1.13                     | 1.12                     |
| USD      | 1.27                     | 1.32                     | 1.34                     | 1.28                     |

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

## Notes (continued)

### 2 Financial Risk Management (continued)

#### Credit risk

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

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

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

The objective elements considered include:

- analysis of financial statements;
- competitive positioning of the Company; and
- information about the potential customer obtained from databases:

The subjective elements considered include:

- acquired experience;
- network of relations; and
- assessment of the customer's growth prospects.

The credit rating for each customer is reviewed periodically.

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

### 3 Revenue

The Company has recognised the following amounts relating to revenue in the statement of comprehensive income:

|                                       | 2019<br>£000   | 2018<br>£000   |
|---------------------------------------|----------------|----------------|
| Revenue from contracts with customers | 580,407        | 572,940        |
| <b>Total revenue</b>                  | <b>580,407</b> | <b>572,940</b> |

The following table presents our disaggregated revenues by revenue source.

|   | 2019<br>£000   | 2018<br>£000   |
|---|----------------|----------------|
| <b>Major product categories</b>               |                |                |
| Laundry                                       | 165,979        | 172,906        |
| Kitchen                                       | 188,059        | 170,576        |
| <b>Total major product category net sales</b> | <b>354,038</b> | <b>343,482</b> |
| Spare parts, repairs and warranties           | 192,894        | 186,048        |
| Intercompany                                  | 33,475         | 43,410         |
| <b>Total revenue</b>                          | <b>580,407</b> | <b>572,940</b> |

## Notes (continued)

### 4 Cost of sales

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

|   | 2019<br>£000   | 2018<br>£000   |
|---|----------------|----------------|
| Cost of inventories recognised as an expense                                    | (3,444)        | 10,201         |
| Purchase of products, raw materials, components and change in other inventories | 390,117        | 350,383        |
| Services  | 21,136         | 27,001         |
| Payroll costs   | 50,006         | 49,571         |
| Loss on disposal of fixed asset   | 543            | 12             |
| Depreciation of property, plant and equipment                                   | 2,121          | 2,354          |
| Amortisation of intangible fixed assets   | 153            | 177            |
| Dryer provision – note 26   | 5,350          | 15,279         |
| <b>Total cost of sales</b>  | <b>465,982</b> | <b>454,978</b> |

### 5 Selling and distribution expenses

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

|  | 2019<br>£000  | 2018<br>£000  |
|--|---------------|---------------|
| Services                                       | 48,023        | 51,241        |
| Payroll costs                                  | 23,650        | 27,513        |
| Loss on disposal of fixed asset                | 14            | -             |
| Depreciation of property, plant and equipment  | 203           | 189           |
| Amortisation of intangible fixed assets        | 44            | 84            |
| <b>Total selling and distribution expenses</b> | <b>71,934</b> | <b>79,027</b> |

### 6 General and administrative expenses

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

|  | 2019<br>£000  | 2018<br>£000  |
|--|---------------|---------------|
| Services   | 28,620        | 29,602        |
| Auditor's remuneration (audit services to the company) | 235           | 255           |
| Payroll costs  | 6,554         | 6,685         |
| Loss on disposal of fixed asset                        | -             | 8             |
| Depreciation of property, plant and equipment          | 613           | 579           |
| Amortisation of intangible fixed assets                | 411           | 338           |
| <b>Total general and administrative expenses</b>       | <b>36,433</b> | <b>37,467</b> |



**Notes (continued)**

**7 Net financial charges**

|  | 2019<br>£000   | 2018<br>£000   |
|--|----------------|----------------|
| Interest income receivable   | 1,060          | 1,055          |
| Net foreign exchange loss  | (308)          | (603)          |
| Net interest expense on Indesit Company UK pension scheme (see note 25)        | (2,279)        | (2,422)        |
| Net interest income on Whirlpool (UK) Limited pension scheme (see note 25)     | 126            | 108            |
| Indesit Company UK pension scheme - past service cost (see note 25)            | -              | (974)          |
| Whirlpool UK pension scheme - past service cost (see note 25)                  | -              | (100)          |
| Interest expense payable   | (49)           | (1,794)        |
| Cash pool remuneration from / (to) Indesit Company International Business S.A. | 219            | 317            |
| Other financial charges  | (19)           | (73)           |
| <b>Total net financial charges</b>   | <b>(1,250)</b> | <b>(4,486)</b> |

**8 Tax on profit/(loss) on ordinary activities**

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

The tax charge comprises as follows:

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| <b>Current tax charge</b>  |              |              |
| Adjustment in respect of prior years                                       | 13           | -            |
|  | <b>13</b>    | <b>-</b>     |
| <b>Deferred tax charge (see note 14)</b>                                   |              |              |
| Origination and reversal of temporary differences                          | 1,132        | (333)        |
| Effect of reduction in tax rate on opening deferred tax asset/liability    | (4,735)      | (4,188)      |
| Effect of closing rate deferred tax change on deferred tax asset/liability | 4,879        | 4,851        |
| Adjustment in respect of prior years - deferred                            | (589)        | (123)        |
|  | <b>687</b>   | <b>207</b>   |
| <b>Total tax charge in Statement of Comprehensive Income</b>               | <b>700</b>   | <b>207</b>   |

**Notes (continued)**

**8 Tax on profit/(loss) on ordinary activities (continued)**

**(b) Factors affecting the tax charge for the year**

The standard rate of tax for the year, based on the main UK rate of corporation tax, is 19% (2018: 19%). A reconciliation of the expected tax charge based on this standard rate to the total tax is as follows:

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Profit/(loss) on ordinary activities before tax  | 4,808        | (3,018)      |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%) | 914          | (573)        |
| Effects of:  |              |              |
| Non tax deductible expenses  | 218          | 240          |
| Effect of reduction in tax rate on opening deferred tax asset/liability  | (4,735)      | (4,188)      |
| Effect of deferred tax change on closing deferred tax asset/liability  | 4,879        | 4,851        |
| Adjustment in respect of prior years – deferred  | (589)        | (123)        |
| Adjustment in respect of prior years – current   | 13           | -            |
| <b>Total tax charge in Statement of Comprehensive Income</b>   | <b>700</b>   | <b>207</b>   |

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

In his budget on 16 March 2016, the Chancellor of the Exchequer announced to reduce the UK corporation tax rate to 17% on 1 April 2020, which was substantively enacted on 6 September 2016.

In November 2019 the Government announced plans to withdraw the reduction from 19% to 17% from 1 April 2020, but this proposal was not substantively enacted at the balance sheet date. Both the enacted change to the rate of corporation tax, and its proposed reversal, will impact the amount of future tax payments to be made by the Group.

The impact of the change to withdraw the reduction from 19% to 17% would be to increase the deferred tax asset by £5,592,000 and to increase the deferred tax liability by £119,000.

**Notes (continued)**

**9 Property, plant and equipment**

|                                    | Land and<br>Buildings<br>£000 | Plant and<br>Equipment<br>£000 | Fixtures and<br>fittings<br>£000 | Asset under<br>Construction<br>£000 | Total<br>£000 |
|------------------------------------|-------------------------------|--------------------------------|----------------------------------|-------------------------------------|---------------|
| <b>Cost</b>                        |                               |                                |                                  |                                     |               |
| At 1 January 2018                  | 14,685                        | 59,617                         | 6,525                            | 2,337                               | 83,164        |
| Additions                          | 10                            | 398                            | 47                               | 1,336                               | 1,791         |
| Transfers                          | 13                            | 2,148                          | 119                              | (2,330)                             | (50)          |
| Disposals                          | (2,015)                       | (6,082)                        | (1,201)                          | -                                   | (9,298)       |
| At 31 December 2018                | 12,693                        | 56,081                         | 5,490                            | 1,343                               | 75,607        |
| Additions                          | 61                            | 1,062                          | 22                               | 1,615                               | 2,760         |
| Transfers                          | 73                            | 1,270                          | -                                | (1,343)                             | -             |
| Disposals                          | (1,205)                       | (13,011)                       | (199)                            | -                                   | (14,415)      |
| <b>At 31 December 2019</b>         | <b>11,622</b>                 | <b>45,402</b>                  | <b>5,313</b>                     | <b>1,615</b>                        | <b>63,952</b> |
| <b>Depreciation and impairment</b> |                               |                                |                                  |                                     |               |
| At 1 January 2018                  | 8,885                         | 51,047                         | 6,080                            | -                                   | 66,012        |
| Charge for the year                | 339                           | 2,708                          | 75                               | -                                   | 3,122         |
| Disposals                          | (2,001)                       | (6,076)                        | (1,201)                          | -                                   | (9,278)       |
| At 31 December 2018                | 7,223                         | 47,679                         | 4,954                            | -                                   | 59,856        |
| Charge for the year                | 334                           | 2,522                          | 81                               | -                                   | 2,937         |
| Disposals                          | (1,179)                       | (12,480)                       | (199)                            | -                                   | (13,858)      |
| <b>At 31 December 2019</b>         | <b>6,378</b>                  | <b>37,721</b>                  | <b>4,836</b>                     | <b>-</b>                            | <b>48,935</b> |
| <b>Net book value</b>              |                               |                                |                                  |                                     |               |
| At 1 January 2018                  | 5,800                         | 8,570                          | 445                              | 2,337                               | 17,152        |
| At 31 December 2018                | 5,470                         | 8,402                          | 536                              | 1,343                               | 15,751        |
| <b>At 31 December 2019</b>         | <b>5,244</b>                  | <b>7,681</b>                   | <b>477</b>                       | <b>1,615</b>                        | <b>15,017</b> |

Outstanding orders placed for the supply of future capital expenditure for the year ended 31 December 2019 is £nil (2018: £nil).

**Notes (continued)**

**10 Intangible fixed assets**

|                                    | Goodwill<br>£000 | Patents and<br>trade-marks<br>£000 | Development<br>Costs<br>£000 | Asset under<br>Construction<br>£000 | Total<br>£000 |
|------------------------------------|------------------|------------------------------------|------------------------------|-------------------------------------|---------------|
| <b>Cost</b>                        |                  |                                    |                              |                                     |               |
| At 1 January 2018                  | 44,000           | 11,700                             | 3,757                        | 395                                 | 59,852        |
| Transfers                          | -                | 445                                | -                            | (395)                               | 50            |
| Additions                          | -                | 161                                | -                            | 235                                 | 396           |
| At 31 December 2018                | 44,000           | 12,306                             | 3,757                        | 235                                 | 60,298        |
| Transfers                          | -                | 216                                | -                            | (216)                               | -             |
| Additions                          | -                | 19                                 | -                            | 1,263                               | 1,282         |
| Disposals                          | -                | (75)                               | -                            | -                                   | (75)          |
| At 31 December 2019                | 44,000           | 12,466                             | 3,757                        | 1,282                               | 61,505        |
| <b>Amortisation and impairment</b> |                  |                                    |                              |                                     |               |
| At 1 January 2018                  | 4,400            | 10,672                             | 3,418                        | -                                   | 18,490        |
| Amortisation for the year          | -                | 430                                | 169                          | -                                   | 599           |
| At 31 December 2018                | 4,400            | 11,102                             | 3,587                        | -                                   | 19,089        |
| Amortisation for the year          | -                | 464                                | 144                          | -                                   | 608           |
| Disposals                          | -                | (75)                               | -                            | -                                   | (75)          |
| At 31 December 2019                | 4,400            | 11,491                             | 3,731                        | -                                   | 19,622        |
| <b>Net book value</b>              |                  |                                    |                              |                                     |               |
| At 1 January 2018                  | 39,600           | 1,028                              | 339                          | 395                                 | 41,362        |
| At 31 December 2018                | 39,600           | 1,204                              | 170                          | 235                                 | 41,209        |
| At 31 December 2019                | 39,600           | 975                                | 26                           | 1,282                               | 41,883        |

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

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

The goodwill relates to the trade and assets of Merloni Domestic Appliances Limited acquired in 2003 being the Indesit brand. The value in use for the investment was calculated based upon discounted cash flows which included key assumptions of 10.0% discount rate, Earnings before Interest and Tax margin of 1.6% in 2020, with an average of 3.2% over the forecast period and revenue reduction of -15% in 2020 due to Covid 19, with a 2.0% per annum increase thereafter. The test performed did not identify the need to adjust the carrying value of the asset.

**Notes (continued)**

**11 Right-of-use assets**

The Company has lease contracts for various items of buildings, plant and equipment, and vehicles used in its operations. Leases of buildings generally have lease terms between 5 and 33 years, plant and equipment generally have lease terms between 3 and 14 years and vehicles a lease term of 4 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

**Right-of-use assets:**

|                               | <b>Buildings<br/>£000</b> | <b>Plant and<br/>Equipment<br/>£000</b> | <b>Vehicles<br/>£000</b> | <b>Total<br/>£000</b> |
|-------------------------------|---------------------------|---|--------------------------|-----------------------|
| Balance at 1 January 2019     | 10,123                    | 883                                     | 3,702                    | 14,708                |
| Additions                     | -                         | -                                       | -                        | -                     |
| Depreciation expense          | (300)                     | (35)                                    | (178)                    | (513)                 |
| <b>As at 31 December 2019</b> | <b>9,823</b>              | <b>848</b>                              | <b>3,524</b>             | <b>14,195</b>         |

**Lease liabilities:**

|   | <b>2019<br/>£000</b> |
|---|----------------------|
| <b>Maturity analysis – contractual undiscounted cash flows</b>                          |                      |
| Less than one year  | 5,289                |
| One to five years   | 4,674                |
| More than 5 years   | 566                  |
| <b>Total undiscounted lease liabilities at 31 December</b>                              | <b>10,529</b>        |
| <b>Lease liabilities included in the statement of financial position at 31 December</b> | <b>13,676</b>        |
| Current   | 5,394                |
| Non-current   | 8,282                |

**Amounts recognised in income statement:-**

|   | <b>2019<br/>£000</b> |
|---|----------------------|
| Interest expense of lease liability                                 | 301                  |
| Depreciation expense of right-of-use assets                         | 513                  |
| <b>Total amount recognised in statement of comprehensive income</b> | <b>814</b>           |

The Company had total cash outflows for leases of £814,000

**Notes (continued)**

**12 Investment in subsidiary**

During 2015-2018 the Whirlpool EMEA Group has gone through an exercise of restructuring with many legal entity mergers in many countries in Europe. On 1 November 2018 a legal entity merger took place between Indesit Ireland Limited and Whirlpool Ireland Limited with Indesit Ireland Limited being the surviving company and Whirlpool Ireland Limited dissolved within the merger. On that day the investment held in Whirlpool Ireland Limited was transferred to the investment held in Indesit Ireland Limited. On the same day Indesit Ireland Limited changed its name to Whirlpool Ireland Appliances Limited.

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| <b>Whirlpool Ireland Appliances Limited (formerly Indesit Ireland Limited)</b> |              |              |
| Cost and net book value  |              |              |
| At the beginning of the year   | 1,892        | 1,726        |
| Transfer from Whirlpool Ireland Limited  | -            | 166          |
| At end of year   | 1,892        | 1,892        |
| <b>Whirlpool Ireland Limited</b>   |              |              |
| Cost and net book value  |              |              |
| At the beginning of the year   | -            | 166          |
| Transfer from Whirlpool Ireland Limited  | -            | (166)        |
| At end of year   | -            | -            |
| Net book value at 31 December  | 1,892        | 1,892        |

The movement in investments was as follows:

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Cost                                      |              |              |
| At the beginning of the year, end of year | 39,427       | 39,427       |
| Provision for diminution in value         |              |              |
| At the beginning of the year, end of year | 37,535       | 37,535       |
| Net book value at end of the year         | 1,892        | 1,892        |

| Name of company   | Percentage<br>of ordinary<br>shares held | Country of<br>Incorporation | Nature of<br>Business              |
|---|--|-----------------------------|------------------------------------|
| Whirlpool Ireland Appliances Limited (formerly Indesit Ireland Limited) | 100.0%                                   | Republic of Ireland         | Distributor of domestic appliances |

**Notes (continued)**

**13 Non-current receivables**

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Receivables from other Group undertakings (see note 36) |              |              |
| - Indesit Company UK Holdings Limited                   | 237          | 251          |
| - General Domestic Appliances Holdings Limited          | 936          | 936          |
| - General Domestic Appliances International Limited     | 81           | 81           |
| - Merloni Domestic Appliances Limited                   | 251          | 251          |
| Other receivables                                       | 269          | 269          |
|   | <hr/>        | <hr/>        |
| <b>Total non-current receivables</b>                    | <b>1,774</b> | <b>1,788</b> |
|   | <hr/>        | <hr/>        |

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

**14 Non-current financial asset**

|   | 2019<br>£000   | 2018<br>£000   |
|---|----------------|----------------|
| Derivatives used for hedging                | 3,459          | 5,634          |
| Loan to Indesit Company UK Holdings Limited | 113,954        | 120,314        |
|   | <hr/>          | <hr/>          |
| <b>Total non-current financial asset</b>    | <b>117,413</b> | <b>125,948</b> |
|   | <hr/>          | <hr/>          |

The interest rate on the loan to Indesit Company UK Holdings bears interest at a rate of IBOR + 113 basis points and is due for repayment on 22 July 2022.

**Notes (continued)**

**15 Deferred tax**

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

|                                      | Balance at<br>1 Jan 2019 | Charge<br>to statement of<br>comprehensive<br>income<br>(see note 8a) | Credit to<br>Equity | Balance at<br>31 Dec 2019 |
|--------------------------------------|--------------------------|---|---------------------|---------------------------|
|                                      | £000                     | £000  | £000                | £000                      |
| <b>Deferred tax assets</b>           |                          |   |                     |                           |
| Derivatives                          | -                        | -   | 2,381               | 2,381                     |
| Tax losses carried forward           | 24,772                   | 236   | -                   | 25,008                    |
| Defined benefit pensions asset       | 15,381                   | (1,470)   | 3,049               | 16,960                    |
| Long service awards (Jubilee scheme) | 419                      | 35  | -                   | 454                       |
| Accelerated capital allowances       | 2,080                    | 505   | -                   | 2,585                     |
| Short term timing differences        | 468                      | (19)  | -                   | 449                       |
|                                      | <u>43,120</u>            | <u>(713)</u>  | <u>5,430</u>        | <u>47,837</u>             |
| <b>Deferred tax liabilities</b>      |                          |   |                     |                           |
| Derivatives                          | (473)                    | -   | 473                 | -                         |
| Defined benefit pension liability    | (795)                    | (21)  | (79)                | (895)                     |
| Enhanced R&D revenue deductions      | (30)                     | 25  | -                   | (5)                       |
| Industrial building allowances       | (132)                    | 22  | -                   | (110)                     |
|                                      | <u>(1,430)</u>           | <u>26</u>   | <u>394</u>          | <u>(1,010)</u>            |
| <b>Net total</b>                     | <u>41,690</u>            | <u>(687)</u>  | <u>5,824</u>        | <u>46,827</u>             |

The Company has recognised a deferred tax asset as the directors consider that it is probable that the asset will be utilised against future taxable profits in the foreseeable future. No deferred tax asset will be released in one year.

**16 Inventories**

|                                | 2019<br>£000  | 2018<br>£000  |
|--------------------------------|---------------|---------------|
| Finished products              | 46,730        | 31,428        |
| Spare parts                    | 15,927        | 14,825        |
| Raw materials                  | 5,151         | 3,955         |
| <b>Total gross inventories</b> | <u>67,808</u> | <u>50,208</u> |
| Provisions                     | (2,159)       | (1,894)       |
| <b>Total net inventories</b>   | <u>65,649</u> | <u>48,314</u> |

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



**Notes (continued)**

**17 Trade and other receivables**

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

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Trade receivables due from group undertakings (see note 36) | 85,636       | 10,987       |
| Trade receivables   | 27,186       | 30,420       |
| Total trade receivables                                     | 112,822      | 41,407       |
| Less: provisions for bad debts                              | (632)        | (723)        |
| Other receivables   | 112,190      | 40,684       |
|   | 3,265        | 2,599        |
| Total trade and other receivables                           | 115,455      | 43,283       |

**18 Current financial assets**

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Derivatives used for hedging  | -            | 2,805        |
| Cash pool remuneration from Indesit Company International Business S.A. | 213          | 216          |
| Interest on loan to Indesit Company UK Holdings Limited                 | 356          | 470          |
| Cash deposits held by Indesit Company International Business S.A.       | 58,988       | -            |
| Total due from current financial assets                                 | 59,557       | 3,491        |

**19 Due from tax authorities**

|                            | 2019<br>£000 | 2018<br>£000 |
|----------------------------|--------------|--------------|
| Corporation tax receivable | -            | 14           |

**Notes (continued)**

**20 Cash and cash equivalents**

Cash and cash equivalents include bank and cash deposits. The changes in liquidity during the year are analysed in the Statement of Cash Flows.

|              | 2019<br>£000 | 2018<br>£000<br>Restated |
|--------------|--------------|--------------------------|
| Cash on hand | 19,500       | 19,091                   |

**21 Share capital**

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| <i>Allotted, called up and fully paid share capital</i>  |              |              |
| 77,195,655 (2017: 77,195,645) Ordinary shares of £1 each | 77,196       | 77,196       |
| Share premium  | 202,457      | 80,928       |

On 26 February 2019 the Company issued 10 ordinary shares of £1.00 each to General Domestic Appliances Holdings Limited at a premium of £121,529,090.

**22 Hedging reserve**

|                                 | 2019<br>£000    | 2018<br>£000 |
|---------------------------------|-----------------|--------------|
| Cash flow hedges                | (13,816)        | 2,491        |
| Deferred tax on cash flow hedge | 2,381           | (473)        |
| <b>Hedging reserve</b>          | <b>(11,435)</b> | <b>2,018</b> |

**23 Actuarial losses on pension scheme**

|   | 2019<br>£000     | 2018<br>£000     |
|---|------------------|------------------|
| Actuarial loss on defined benefit pension schemes | (199,654)        | (182,180)        |
| Deferred tax on actuarial loss                    | 39,985           | 37,015           |
| <b>Actuarial losses on pension scheme</b>         | <b>(159,669)</b> | <b>(145,165)</b> |

## Notes (continued)

### 24 Contingent liabilities

On June 23, 2017, London's Metropolitan Police Service released a statement that it had identified a Hotpoint-branded refrigerator as the initial source of the Grenfell Tower fire in West London. UK authorities are conducting investigations, including regarding the cause and spread of the fire. The model in question was manufactured by the Company between 2006 and 2009. The company is fully cooperating with the UK investigating authorities. During 2019, costs of £1,496,000 (2018: £4,504,000) were incurred in connection with these investigations relating to forensic experts, legal and regulatory submissions, together with assisting the public inquiry.

As the UK investigation is ongoing, we cannot speculate on the eventual outcome or potential impact on the company; accordingly, we have not recorded any significant charges in 2019 for any possible future costs or claims that may be filed in relation to this incident.

### 25 Employee benefit assets and liabilities

#### Employee benefit assets

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

|                                       | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------|--------------|--------------|
| Whirlpool (UK) Limited pension scheme | 5,267        | 4,679        |
| Total employee benefit assets         | 5,267        | 4,679        |

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

#### Whirlpool (UK) Limited pension scheme

##### Movement in surplus during the year

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Fair value of plan assets                    | 36,179       | 33,581       |
| Present value of defined benefit obligations | (30,912)     | (28,902)     |
|  | 5,267        | 4,679        |

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

|                                | 2019<br>£000 | 2018<br>£000 |
|--------------------------------|--------------|--------------|
| At the beginning of the year   | 33,581       | 35,657       |
| Expected return on plan assets | 3,174        | (1,329)      |
| Interest income                | 887          | 837          |
| Contributions by employer      | -            | 121          |
| Benefits paid from plan assets | (1,463)      | (1,705)      |
| At end of the year             | 36,179       | 33,581       |

**Notes (continued)**

**25 Employee benefit assets and liabilities (continued)**

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

*Movements in present value of defined benefit obligation*

|                                | 2019<br>£000 | 2018<br>£000 |
|--------------------------------|--------------|--------------|
| At the beginning of the year   | 28,902       | 31,209       |
| Interest cost                  | 761          | 729          |
| Benefits paid from plan assets | (1,463)      | (1,705)      |
| Past service cost              | -            | 100          |
| Actuarial (loss) /gain         | 2,712        | (1,431)      |
| At 31 December                 | 30,912       | 28,902       |

Expenses and income recognised in the Income Statement are as follows:

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Interest on defined benefit pension plan obligation   | 761          | 729          |
| Expected return on defined benefit plan assets        | (887)        | (837)        |
| Past service cost - Guaranteed Minimum Pension ruling | -            | 100          |
|   | (126)        | (8)          |

The expense recognised in the following line items in the Income Statement are as follows:

|                      | 2019<br>£000 | 2018<br>£000 |
|----------------------|--------------|--------------|
| Net financial income | (126)        | (8)          |
|                      | (126)        | (8)          |

Actuarial gain pension scheme

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Defined benefit obligation actuarial (loss) /gain | 2,712        | (1,431)      |
| Fair value of plan assets (Expected return)       | (3,174)      | 1,329        |
| Actuarial gain                                    | (462)        | (102)        |
| Deferred tax                                      | 79           | 17           |
| Actuarial gain, net of tax                        | (383)        | (85)         |

**Notes (continued)**

**25 Employee benefit assets and liabilities (continued)**

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

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

|                 | 2019<br>£000  | 2018<br>£000  |
|-----------------|---------------|---------------|
| Equities        | 7,127         | 6,574         |
| Bonds           | 26,990        | 25,268        |
| Corporate bonds | 1,917         | 1,721         |
| Other           | 145           | 18            |
|                 | <u>36,179</u> | <u>33,581</u> |

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

Principal actuarial assumptions (expressed as weighted averages):

|  | 2019 | 2018 |
|--|------|------|
| Discount rate  | 1.9% | 2.4% |
| Inflation rate (CPI)   | 2.5% | 2.5% |
| Pension increases in payment                                   | 3.2% | 3.3% |
| Mortality  |      |      |
| - Male life expectancy at current age 65 (in years)            | 21.8 | 22.2 |
| - Male life expectancy at age 65 (currently age 45) (in years) | 24.1 | 24.1 |

The history of the plan is as follows:

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Fair value of plan assets                    | 36,179       | 33,581       |
| Present value of defined benefit obligations | (30,912)     | (28,902)     |
|  | <u>5,267</u> | <u>4,679</u> |

Experience adjustments

|  | 2019<br>£000 | 2018<br>£000   |
|--|--------------|----------------|
| Experience adjustments on plan assets                            | 3,174        | (1,329)        |
| Experience adjustments on plan assets as a % of plan assets      | 8.8%         | 4.0%           |
| Experience adjustments on plan liabilities                       | 11           | (218)          |
| Experience adjustments on plan liabilities as a % of plan assets | -            | 0.1%           |
| Experience adjustments   | <u>3,185</u> | <u>(1,547)</u> |

The Company does not expect to contribute to this defined benefit plan in the next financial year.

**Notes (continued)**

**25 Employee benefit assets and liabilities (continued)**

**Employee benefit liabilities**

|  | 2019<br>£000   | 2018<br>£000  |
|--|----------------|---------------|
| Indesit Company UK pension scheme          | 99,764         | 89,166        |
| Long service awards (Jubilee award scheme) | 2,668          | 2,427         |
| <b>Total employee benefit liabilities</b>  | <b>102,432</b> | <b>91,593</b> |

**Indesit Company UK pension scheme**

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

*Movement in deficit during the year*

|  | 2019<br>£000  | 2018<br>£000  |
|--|---------------|---------------|
| Present value of defined benefit obligations     | 429,243       | 390,665       |
| Fair value of plan assets                        | (329,479)     | (301,499)     |
| <b>Non-current employee liability recognised</b> | <b>99,764</b> | <b>89,166</b> |

*Movements in present value of defined benefit obligation*

|                                | 2019<br>£000   | 2018<br>£000   |
|--------------------------------|----------------|----------------|
| At 1 January                   | 390,665        | 415,866        |
| Interest cost                  | 10,353         | 9,803          |
| Past service cost              | -              | 974            |
| Benefits paid from plan assets | (13,461)       | (14,057)       |
| Actuarial losses/ (gains)      | 41,686         | (21,921)       |
| <b>At 31 December</b>          | <b>429,243</b> | <b>390,665</b> |

*Movements in fair value of plan assets*

|   | 2019<br>£000   | 2018<br>£000   |
|---|----------------|----------------|
| At 1 January                                | 301,499        | 310,301        |
| Fair value of plan assets (Expected return) | 23,750         | (11,444)       |
| Interest income                             | 8,074          | 7,381          |
| Contributions by employer                   | 9,617          | 9,318          |
| Benefits paid from plan assets              | (13,461)       | (14,057)       |
| <b>At 31 December</b>                       | <b>329,479</b> | <b>301,499</b> |

**Notes (continued)**

**25 Employee benefit assets and liabilities (continued)**

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

Expenses and income recognised in the Income Statement are as follows:

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Interest on defined benefit pension plan obligation   | 10,353       | 9,803        |
| Expected return on defined benefit plan assets        | (8,074)      | (7,381)      |
| Past service cost - Guaranteed Minimum Pension ruling | -            | 974          |
| <b>Total</b>  | <b>2,279</b> | <b>3,396</b> |

The expense recognised in the following line items in the Income Statement are as follows:

|                             | 2019<br>£000 | 2018<br>£000 |
|-----------------------------|--------------|--------------|
| <b>Net financial income</b> | <b>2,279</b> | <b>3,396</b> |

**Actuarial loss pension scheme**

|   | 2019<br>£000  | 2018<br>£000    |
|---|---------------|-----------------|
| Defined benefit obligation actuarial loss/ (gain) | 41,686        | (21,921)        |
| Fair value of plan assets (Expected return)       | (23,750)      | 11,444          |
| <b>Actuarial (gain)/loss</b>                      | <b>17,936</b> | <b>(10,477)</b> |
| Deferred tax                                      | (3,049)       | 1,807           |
| <b>Actuarial loss/(gain), net of tax</b>          | <b>14,887</b> | <b>(8,670)</b>  |

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

|                              | 2019<br>£000   | 2018<br>£000   |
|------------------------------|----------------|----------------|
| Diversified growth funds     | 203,656        | 198,643        |
| Liability driven investments | 125,452        | 101,363        |
| Cash and cash equivalents    | 371            | 1,493          |
| <b>Total</b>                 | <b>329,479</b> | <b>301,499</b> |

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

**Notes (continued)**

**25 Employee benefit assets and liabilities (continued)**

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

Principal actuarial assumptions (expressed as weighted averages):

|  | 2019  | 2018  |
|--|-------|-------|
| Discount rate  | 1.90% | 2.70% |
| Inflation rate (CPI)   | 2.00% | 2.15% |
| Salary increases   | 3.00% | 3.15% |
| Mortality  |       |       |
| - Male life expectancy at age 65 (in years)                    | 20.7  | 21.2  |
| - Male life expectancy at age 60 (currently age 45) (in years) | 22.1  | 22.6  |

The history of the plan is as follows:

|  | 2019<br>£000 | 2018<br>£000 | 2017<br>£000 | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|--------------|--------------|--------------|
| Present value of defined benefit obligation                      | 429,243      | 390,665      | 415,866      | 399,895      | 314,064      |
| Fair value of plan assets  | (329,479)    | (301,499)    | (310,301)    | (301,495)    | (279,516)    |
| Liability  | 99,764       | 89,166       | 105,565      | 98,400       | 34,548       |
| Experience adjustments   |              |              |              |              |              |
|  | 2019<br>£000 | 2018<br>£000 | 2017<br>£000 | 2016<br>£000 | 2015<br>£000 |
| Experience adjustments on plan liabilities                       | (763)        | (2,401)      | 4,421        | -            | -            |
| Experience adjustments on plan liabilities as a % of plan assets | 0.2%         | 0.8%         | 1.4%         | -            | -            |
| Experience adjustments   | (763)        | (2,401)      | 4,421        | -            | -            |

The Company expects to contribute approximately £9.9m to its defined benefit plan in the next financial year.

**Defined contribution plans**

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

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

The total expense relating to the plan in the current year was £3,078,000 (2018: £2,874,000). At the year end outstanding contributions amounted to £nil (2018: £nil).

**Jubilee and Retirement Award schemes**

The directors have estimated the provision required for the retirement award scheme at £2.7m (2018: £2.4m) based on the estimated number of staff who will remain with the Company for the requisite period of 25 and 40 years.



Notes (continued)

26 Provisions for risks and charges

Non-current risks and charges

|                                      | Balance at<br>1 Jan 2019<br>£000 | Charge<br>(credit) to<br>statement of<br>comprehensive<br>Income<br>£000 | Utilisation<br>of<br>Provision<br>£000 | Balance at<br>31<br>Dec 2019<br>£000 |
|--------------------------------------|----------------------------------|--|--|--------------------------------------|
| Warranty provision                   | 949                              | 1,388  | (600)                                  | 1,737                                |
| Other risk provision - onerous lease | 315                              | (140)  | -                                      | 175                                  |
| <b>Total provision</b>               | <b>1,264</b>                     | <b>1,248</b>   | <b>(600)</b>                           | <b>1,912</b>                         |

Current risks and charges

|                                      | Balance at<br>1 Jan 2019<br>£000 | Charge<br>(credit) to<br>statement of<br>comprehensive<br>Income<br>£000 | Utilisation<br>of<br>Provision<br>£000 | Balance at<br>31<br>Dec 2019<br>£000 |
|--------------------------------------|----------------------------------|--|--|--------------------------------------|
| Product liability provision          | 28,602                           | (3,465)  | (3,447)                                | 21,690                               |
| Warranty provision                   | 3,438                            | (668)  | -                                      | 2,770                                |
| Dryer provision                      | 15,279                           | 5,350  | (12,025)                               | 8,604                                |
| Employee liability                   | 584                              | 59   | (42)                                   | 601                                  |
| Environmental provision              | 625                              | -  | -                                      | 625                                  |
| Other risk provision - onerous lease | 50                               | (3)  | -                                      | 47                                   |
| <b>Total provisions</b>              | <b>48,578</b>                    | <b>1,273</b>   | <b>(15,514)</b>                        | <b>34,337</b>                        |

The product liability provision represents the expected liability of damages caused by faulty products not covered by insurance and is expected to be utilised in the year ending 31 December 2020.

The provision for product warranty represents the estimated costs to be incurred for work under warranty on products sold. The provision is determined with reference to the call rate for the products still under warranty cover, the period of time between sell in and sell out (start of the warranty period) and the average unit cost of the work performed. The provision is calculated with reference to the expected time distribution of the work to be performed. The current warranty provision is expected to be utilised in the year ending 31 December 2019 with the non-current element in the year ending 31 December 2020.

Within 2019, Whirlpool Corporation have engaged in investigations of potential quality and safety issues. As part of the ongoing effort to deliver quality products to consumers, we are currently investigating a limited number of potential quality and safety issues globally. As necessary, Whirlpool Corporation undertake to effect repair or replacement of appliances in the event that an investigation leads to the conclusion that such action is warranted. As part of that process, in 2015, Whirlpool engaged in thorough investigations of incident reports associated with two of its dryer production platforms developed by Indesit, prior to Whirlpool's acquisition of Indesit in October 2014. This led to it being reporting to regulatory authorities for consideration. These discussions determined that corrective action of the affected dryers was required. In September 2015, the Company recorded a liability related to this corrective action cost of £178,577,000. The corrective action campaign was substantially complete by the third quarter of 2017. However, in July 2019 Whirlpool Corporation confirmed we would initiate a voluntary recall for any remaining unmodified dryers in the UK. The outstanding provision of £8.6M is expected to be utilised in 2020.

**Notes (continued)**

**26 Provisions for risks and charges (continued)**

The employee liability provision is a provision for known claims on the company by previous employees for industrial diseases and is expected to be utilised in the year ending 31 December 2020.

The environmental provision is for the decontamination of the Peterborough site from historical site operations.

The other risk provision relates to onerous leases and is expected to be utilised by 2025.

**27 Non-current financial payables**

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Liability from the measurement of derivative instruments | 433          | -            |
| Lease liabilities (see note 11)                          | 8,282        | -            |
| <b>Total non-current financial payables</b>              | <b>8,715</b> | <b>-</b>     |

**28 Non-current other payables**

|   | 2019<br>£000  | 2018<br>£000  |
|---|---------------|---------------|
| Group tax relief payable (see note 36)  | 19,153        | 19,153        |
| Deferred rent payable                   | 200           | 395           |
| <b>Total non-current other payables</b> | <b>19,353</b> | <b>19,548</b> |

The group tax relief payable relates to submitted tax returns and is expected to be paid in a period of greater than 1 year to Indesit Company UK Holdings Limited of £17,788,000 (2018: £17,788,000) and General Domestic Appliances Holdings Limited of £1,365,000 (2018: £1,365,000).

**29 Financial payables**

|  | 2019<br>£000  | 2018<br>£000  |
|--|---------------|---------------|
| Liability from the measurement of derivative instruments                               | 10,622        | 2,294         |
| Deposits from customers  | 580           | 286           |
| Interest and currency commission payable – Indesit Company International Business S.A. | -             | 1             |
| Cash borrowed from Indesit Company International Business S.A                          | -             | 78,718        |
| Lease liabilities (see note 11)  | 5,394         | -             |
| <b>Total financial payables</b>  | <b>16,596</b> | <b>81,299</b> |

**Notes (continued)**

**30 Trade payables**

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

|  | 2019<br>£000   | 2018<br>£000  |
|--|----------------|---------------|
| Trade payables to other group undertakings (see note 36) | 61,994         | 31,984        |
| Trade payables to third parties                          | 145,236        | 57,119        |
| <b>Total trade payables</b>                              | <b>207,230</b> | <b>89,103</b> |

**31 Due to tax authorities**

|                                     | 2019<br>£000  | 2018<br>£000  |
|-------------------------------------|---------------|---------------|
| VAT payable                         | 12,866        | 13,147        |
| Taxes withheld from employees       | 1,861         | 1,862         |
| <b>Total due to tax authorities</b> | <b>14,727</b> | <b>15,009</b> |

**32 Other payables**

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Due to social security and pensions institutions | 571          | 569          |
| Due to employees                                 | 3,201        | 3,666        |
| Other payables                                   | 6            | 6            |
| Deferred rent payable                            | 1,000        | 365          |
| <b>Total other payables</b>                      | <b>4,778</b> | <b>4,606</b> |

## Notes (continued)

### 33 Financial instruments

#### Credit risk

##### Exposure to credit risk

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

|   | Notes | Carrying amount<br>2019<br>£000 | 2018<br>£000   |
|---|-------|---------------------------------|----------------|
| Non-current receivables   | 13    | 1,774                           | 1,788          |
| Non-current financial asset   | 14    | 3,459                           | 5,634          |
| Trade and other receivables   | 17    | 115,455                         | 43,283         |
| Cash and cash equivalents   | 20    | 78,488                          | 19,091         |
| Interest receivable   | 18    | 356                             | 470            |
| Forward exchange contracts used for hedging:                            | 18    | -                               | 2,805          |
| Cash pool remuneration from Indesit Company International Business S.A. | 18    | 213                             | 216            |
| Loan to Indesit Company UK Holdings Ltd                                 | 14    | 113,954                         | 120,314        |
|   |       | <u>313,699</u>                  | <u>193,601</u> |

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

|                          | Notes | Carrying amount<br>2019<br>£000 | 2018<br>£000  |
|--------------------------|-------|---------------------------------|---------------|
| United Kingdom           |       | 26,937                          | 30,175        |
| Euro-zone countries      |       | 85,048                          | 9,951         |
| Other European countries |       | 701                             | 156           |
| Other regions            |       | 136                             | 1,125         |
|                          | 17    | <u>112,822</u>                  | <u>41,407</u> |

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

|            | Notes | Carrying amount<br>2019<br>£000 | 2018<br>£000  |
|------------|-------|---------------------------------|---------------|
| Appliances |       | 104,413                         | 33,553        |
| Service    |       | 8,409                           | 7,854         |
|            | 17    | <u>112,822</u>                  | <u>41,407</u> |

**Notes (continued)**

**33 Financial instruments (continued)**

The ageing of trade receivables at the reporting date was:

|                              | Notes | Gross<br>2019<br>£000 | Impairment<br>2019<br>£000 | Gross<br>2018<br>£000 | Impairment<br>2018<br>£000 |
|------------------------------|-------|-----------------------|----------------------------|-----------------------|----------------------------|
| Not past due                 |       | 21,433                | -                          | 26,146                | -                          |
| Past due 0-30 days           |       | 5,707                 | -                          | 5,444                 | 2                          |
| Past due 31-120 days         |       | 216                   | 24                         | (643)                 | -                          |
| Past due 121-365 days        |       | 300                   | 198                        | (987)                 | 92                         |
| More than one year           |       | (470)                 | 410                        | 460                   | 629                        |
|                              |       | <u>27,186</u>         | <u>632</u>                 | <u>30,420</u>         | <u>723</u>                 |
| Trade receivables from Group | 17    | 85,636                | -                          | 10,987                | -                          |
|                              | 17    | <u>112,822</u>        | <u>632</u>                 | <u>41,407</u>         | <u>723</u>                 |

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

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

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Balance at 1 January  | 723          | 1,002        |
| Charge to the Statement of Comprehensive Income in the year | 101          | (22)         |
| Utilised in the year  | (192)        | (257)        |
|   | <u>632</u>   | <u>723</u>   |
| Balance at 31 December                                      | 632          | 723          |

**Liquidity risk**

The following are the contractual maturities of financial liabilities:

**31 December 2019**

|   | Notes | Carrying<br>Amount<br>£000 | Contractual<br>cash flows<br>£000 | 1 year<br>or less<br>£000 | More than<br>1 year<br>£000 |
|---|-------|----------------------------|-----------------------------------|---------------------------|-----------------------------|
| <b>Non-derivative financial liabilities</b> |       |                            |                                   |                           |                             |
| Non-current other payables                  | 28    | 19,353                     | (19,353)                          | -                         | (19,353)                    |
| Trade and other payables                    | 30    | 207,230                    | (207,230)                         | (207,230)                 | -                           |
|   |       | <u>226,583</u>             | <u>(226,583)</u>                  | <u>(207,230)</u>          | <u>(19,353)</u>             |

**Notes (continued)**

**33 Financial instruments (continued)**

**31 December 2018**

|  | <i>Notes</i> | Carrying<br>Amount<br>£000 | Contractual<br>cash flows<br>£000 | 1 year<br>or less<br>£000 | More than<br>1 year<br>£000 |
|--|--------------|----------------------------|-----------------------------------|---------------------------|-----------------------------|
| <b>Non-derivative financial liabilities</b>      |              |                            |                                   |                           |                             |
| Non-current other payables                       | 28           | 19,548                     | (19,548)                          | -                         | (19,548)                    |
| Trade and other payables                         | 30           | 89,103                     | (89,103)                          | (89,103)                  | -                           |
| <b>Derivative financial liabilities</b>          |              |                            |                                   |                           |                             |
| Forward exchange contracts for hedging<br>Inflow | 18           | (2,805)                    | 2,805                             | 2,805                     | -                           |
|  |              | <u>105,846</u>             | <u>(105,846)</u>                  | <u>(86,298)</u>           | <u>(19,548)</u>             |

**Currency risk**

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

**31 December 2019**

|                   | <i>Notes</i> | Total<br>£000   | GBP<br>£000     | EUR<br>£000     | USD<br>£000  |
|-------------------|--------------|-----------------|-----------------|-----------------|--------------|
| Trade receivables | 17           | 112,822         | 26,937          | 85,771          | 114          |
| Trade payables    | 30           | (207,230)       | (57,538)        | (149,059)       | (633)        |
|                   |              | <u>(94,408)</u> | <u>(30,601)</u> | <u>(63,288)</u> | <u>(519)</u> |

**31 December 2018**

|                   | <i>Notes</i> | Total<br>£000   | GBP<br>£000     | EUR<br>£000     | USD<br>£000 |
|-------------------|--------------|-----------------|-----------------|-----------------|-------------|
| Trade receivables | 17           | 41,407          | 30,175          | 10,144          | 1,088       |
| Trade payables    | 30           | (89,103)        | (48,780)        | (39,517)        | (806)       |
|                   |              | <u>(47,696)</u> | <u>(18,605)</u> | <u>(29,373)</u> | <u>282</u>  |

## Notes (continued)

### 33 Financial Instruments (continued)

#### Fair values

#### Fair values versus carrying amounts

The fair values of financial assets and liabilities equals the carrying values.

### 34 Remuneration of management

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Directors emoluments                                   | 1,188        | 914          |
| Other benefits   | 470          | 327          |
|  | <u>1,658</u> | <u>1,241</u> |
| Company contributions to money purchase pension scheme | 4            | -            |
|  | <u>1,662</u> | <u>1,241</u> |

The amount paid to the highest paid director in 2019 was £346,000 directors emoluments and £122,000 other benefits (2018: £284,000 directors emoluments and £168,000 other benefits). The highest paid director exercised share options in Whirlpool Corporation in the year with a value of £nil (2018: £nil).

### 35 Staff numbers and costs

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

|   | 2019<br>Number | 2018<br>Number |
|---|----------------|----------------|
| <b>Number of employees</b>                  |                |                |
| Manufacturing                               | 175            | 205            |
| Service                                     | 1,491          | 1,574          |
| Distribution                                | 405            | 449            |
| Administration and research and development | 210            | 222            |
|   | <u>2,281</u>   | <u>2,450</u>   |

The aggregate payroll costs of these persons were as follows:

|                       | 2019<br>£000  | 2018<br>£000  |
|-----------------------|---------------|---------------|
| <b>Staff costs</b>    |               |               |
| Wages and salaries    | 70,206        | 73,766        |
| Social security costs | 6,926         | 7,129         |
| Other pension costs   | 3,078         | 2,874         |
|                       | <u>80,210</u> | <u>83,769</u> |

## Notes (continued)

### 36 Transactions with related parties

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

The Company's ultimate controlling party is the Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America.

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

#### ***Bauknecht AG, Switzerland***

At the year end the debtor balance amounted to £1,000 (2018: £nil) and the creditor amounted to £7,000 (2018: £nil). Transactions during the year were sales of £36,000 (2018: £73,000) and purchases of £7,000 (2018: £nil).

#### ***Bauknecht Haugeraete GmbH, Germany***

At the year end the debtor balance amounted to £57,000 (2018: £190,000) and the creditor amounted to £71,000 (2018: £2,000). Transactions during the year were as follows: sales of £2,279,000 (2018: £1,663,000) and purchases of £73,000 (2018: £nil) and other revenues of £nil (2018: £297,000).

#### ***General Domestic Appliances Holdings Limited, UK***

At the year end the non-current receivable amounted to £936,000 (2018: £936,000), and a non-current other payable amounted to £1,365,000 (2018: £1,365,000).

#### ***General Domestic Appliances International Limited, UK***

At the year end the non-current receivable amounted to £81,000 (2018: £81,000).

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

At the year end the debtor balance amounted to £115,000 (2018: £1,090,000) and the creditor amounted to £nil (2018: £150,000). Transactions during the year were as follows: sales of £120,000 (2018: £484,000).

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

At the year end the creditor amounted to £nil (2018: £2,000). Transactions during the year were as follows: sales of £nil (2018: £15,000) and purchases of £3,000 (2018: £21,376,000).

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

At the year end the debtor balance amounted to £533,000 (2018: £2,000) and the creditor amounted to £28,653,000 (2018: £5,549,000). Transactions during the year were purchases of £72,777,000 (2018: £40,346,000).

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

At the year end a cash balance £58,988,000 (2018: overdraft of £78,718,000), a current financial receivable of £213,000 (2018: £216,000) and a financial payable of £nil (2018: £1,000). Transactions during the year were purchases of £25,000 (2018: £7,000), interest expense of £nil (2018: £1,721,000), and other financial income of £219,000 (2018: £317,000).

#### ***Whirlpool Magyarország Kft. Hungary***

At the year end the creditor amounted to £2,000 (2018: £nil). Transactions during the year were purchases of £2,000 (2018: £nil).

#### ***Whirlpool Company Polska Spzoo Poland***

At the year end the debtor balance amounted to £1,340,000 (2018: £nil) and the creditor amounted to £13,559,000 (2018: £10,003,000). Transactions during the year were as follows: sales of £696,000 (2018: £657,000) and purchases of £173,838,000 (2018: £170,496,000).



## Notes (continued)

### 36 Transactions with related parties (continued)

#### **Whirlpool EMEA S.p.A. Italy**

At the year end the debtor balance amounted to £78,907,000 (2018: £4,085,000) and the creditor amounted to £14,154,000 (2018: £8,700,000). Transactions during the year were as follows: sales of £5,846,000 (2018: £5,781,000), purchases of £93,551,000 (2018: £77,194,000), a royalty expense of £nil (2018: £193,000) and other revenue of £nil (2018: £32,000).

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

At the year end the non-current financial asset amounted to £113,954,000 (2018: £120,314,000), a non-current receivable of £237,000 (2018: £251,000), a current financial asset receivable of £356,000 (2018: £470,000) and a non-current other payable of £17,788,000 (2018: £17,788,000). Transactions during the year were interest income of £986,000 (2018: £1,054,000).

#### **Whirlpool Ireland Appliances Limited. Ireland**

At the year end the debtor balance amounted to £921,000 (2018: £587,000) and the creditor amounted to £292,000 (2018: £38,000). Transactions during the year were as follows: sales of £6,574,000 (2018: £10,672,000) and purchases of £1,010,000 (2018: £1,846,000).

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

At the year end the debtor balance amounted to £780,000 (2018: £744,000) and the creditor amounted to £61,000 (2018: £82,000). Transactions during the year were sales of £55,000 (2018: £nil) and purchases of £1,554,000 (2018: £141,000) and other revenues of £nil (2018: £583,000).

#### **Merloni Domestic Appliances Limited. UK**

At the year end the non current receivable amounted to £251,000 (2018: £251,000).

#### **Whirlpool (China) Co Ltd, China**

At the year end the creditor amounted to £nil (2018: £660,000). Transactions during the year were purchases of £nil (2018: 1,776,000).

#### **Whirlpool Belux NV. Belgium**

At the year end the debtor balance amounted to £17,000 (2018: £23,000) and the creditor amounted to £30,000 (2018: £4,000). Transactions during the year were as follows: sales of £114,000 (2018: £40,000) and purchases of £30,000 (2018: £4,000).

#### **Whirlpool Corporation U.S.A**

At the year end a non-current asset amounted to £3,459,000 (2018: £nil), a creditor balance amounted to £4,075,000 (2018: £6,313,000), a non-current financial payable of £433,000 (2018: £nil) and a financial payable of £10,476,000 (2018: £nil). Transactions during the year were as follows: purchases of £2,067,000 (2018: £nil) and other income of £nil (2018: £320,000).

#### **Whirlpool CR spol s.r.o, Czech Republic**

At the year end the creditor balance amounted to £9,000 (2018: £nil). Transactions during the year were purchases of £9,000 (2018: £nil).

#### **Whirlpool Croatia D.O.O , Croatia**

At the year end the debtor balance amounted to £74,000 (2018: £15,000) and a creditor balance amounted to £19,000 (2018: £nil). Transactions during the year were as follows: sales of £354,000 (2018: £254,000) and purchases of £19,000 (2018: £6,000).

**Notes (continued)**

**36 Transactions with related parties (continued)**

***Whirlpool D.O.O Beograd Serbia***

At the year end the debtor balance amounted to £nil (2018: £20,000). Transactions during the year were as follows: sales of £292,000 (2018: £675,000).

***Whirlpool Electromesticos S.A. Spain***

At the year end the debtor balance amounted to £163,000 (2018: £691,000) and the creditor amounted to £77,000 (2018: £29,000). Transactions during the year were as follows: sales of £2,055,000 (2018: £2,901,000), purchases of £77,000 (2018: £nil) and other revenue of £nil (2018: £612,000).

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

At the year end the debtor balance amounted to £265,000 (2018: £1,289,000) and the creditor amounted to £68,000 (2018: £nil). Transactions during the year were as follows: sales of £6,016,000 (2018: £8,227,000), purchases of £76,000 (2018: £409,000) and other revenue of £nil (2018: £8,478,000).

***Whirlpool Hellas S.A. Greece***

At the year end the debtor balance amounted to £638,000 (2018: £1,104,000) and the creditor amounted to £6,000 (2018: £nil). Transactions during the year were as follows: sales of £1,013,000 (2018: £839,000) and purchases of £7,000 (2018: £85,000).

***Whirlpool Italia S.r.l. Italy***

At the year end the debtor balance amounted to £647,000 (2018: £492,000) and the creditor amounted to £467,000 (2018: £18,000). Transactions during the year were as follows: sales of £4,353,000 (2018: £5,739,000) and purchases of £469,000 (2018: £364,000).

***Whirlpool Latvia. Latvia***

At the year end the creditor amounted to £1,000 (2018: £nil). Transactions during the year were purchases of £1,000 (2018: £nil).

***Whirlpool Nordic AB, Sweden***

At the year end the debtor balance amounted to £nil (2018: £18,000) and the creditor amounted to £199,000 (2018: £5,000). Transactions during the year were purchases of £201,000 (2018: £nil).

***Whirlpool Nordic AS, Denmark***

Transactions during the year were sales of £29,000 (2018: nil).

***Whirlpool Nordic Oy, Finland***

At the year end the debtor balance amounted to £nil (2018: £1,000) and the creditor amounted to £3,000 (2018: £29,000). Transactions during the year were purchases of £1,000 (2018: £97,000).

***Whirlpool Osterreich GMBH. Austria***

At the year end the debtor balance amounted to £nil (2018: £9,000) and the creditor amounted to £65,000 (2018: £nil). Transactions during the year were as follows: sales of £287,000 (2018: £405,000) and purchases of £55,000 (2018: £44,000).

***Whirlpool Hong Kong Ltd. Hong Kong***

At the year end the debtor balance amounted to £17,000 (2018: £8,000). Transactions during the year were sales of £44,000 (2018: £25,000).

**Notes (continued)**

**36 Transactions with related parties (continued)**

***Whirlpool Polska Appliances Sp z o.o. Poland***

At the year end the debtor balance amounted to £14,000 (2018: £nil) and the creditor amounted to £2,000 (2018: £nil). Transactions during the year were as follows: sales of £7,000 (2018: £nil) and purchases of £2,000 (2018: £nil).

***Whirlpool Portugal S.A. Portugal***

At the year end the debtor balance amounted to £85,000 (2018: £331,000) and the creditor amounted to £56,000 (2018: £2,000). Transactions during the year were as follows: sales of £777,000 (2018: £1,922,000), purchases of £58,000 (2018: £nil) and other revenue of £nil (2018: £263,000).

***Whirlpool Romania S.R.L. Romania***

At the year end the creditor amounted to £4,000 (2018: £338,000). Transactions during the year were purchases of £4,000 (2018: £3,272,000).

***Whirlpool Slovakia Home Appliances spol s.r.o. Slovak Republic***

At the year end the debtor balance amounted to £4,000 (2018: £nil) and the creditor amounted to £3,000 (2018: £nil). Transactions during the year were as follows: sales of £32,000 (2018: £nil) and purchases of £3,000 (2018: £nil).

***Whirlpool Slovakia spol.s.r.o, Slovak Republic***

At the year end the debtor balance amounted to £755,000 (2018: £nil) and the creditor amounted to £nil (2018: £338,000). Transactions during the year were sales of £nil (2018: £nil) and purchases of £4,862,000 (2018: £3,272,000).

***Whirlpool Nederland B.V. Holland***

At the year end the debtor balance amounted to £303,000 (2018: £265,000) and the creditor amounted to £100,000 (2018: £nil). Transactions during the year were as follows: sales of £2,496,000 (2018: £1,721,000), purchases of £87,000 (2018: £nil) and other revenues of £nil (2018: £383,000).

***Whirlpool Southeast Asia PTE, Singapore***

At the year end the creditor amounted to £nil (2018: £39,000). Transactions during the year were as follows: sales of £nil (2018: £77,000) and purchases of £7,000 (2018: £64,000).

***Whirlpool South Africa (PTY) Ltd, South Africa***

At the year end the debtor balance amounted to £nil (2018: £23,000). Transactions during the year were sales of £nil (2018: £53,000).

***Whirlpool Australia PTY Ltd. Australia***

At the year end the creditor amounted to £11,000 (2018: £nil). Transactions during the year were purchases of £44,000 (2018: £244,000).

***Whirlpool SSC Ltd. Ireland***

At the year end the creditor amounted to £nil (2018: £21,000). Transactions during the year were purchases of £nil (2018: £21,000).

## Notes (continued)

### 37 Post year-end events

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. As the epidemic evolves, it will be expected that many areas may detect imported cases and local transmission of COVID-19. As of now, COVID-19 has since spread to over 100 countries worldwide and on March 11, 2020 the World Health Organization ('WHO') declared COVID-19 a pandemic.

The spread of the COVID-19 outbreak has caused severe disruptions in the UK and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries, including the UK, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

We are closely monitoring the potential impact of COVID-19 on our 2020 financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business. Our top priority remains the health and safety of our staff and clients. Note 1 to the financial statements includes our considerations on Going Concern in light of this pandemic. Other than as described in the Principal Risks and Uncertainties section above in relation to COVID-19, there were no significant events between the Balance Sheet date and the date of signing of the financial statements, affecting the Group, which require adjustment to or disclosure in the financial statements.

### 38 Ultimate Parent Company

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

The smallest and largest group in which the results of the Company for the year ended 31 December 2019 are consolidated is that headed by Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America. Copies of the consolidated financial statements of Whirlpool Corporation are available from [www.whirlpool.com](http://www.whirlpool.com).