

COMPANY REGISTRATION NUMBER 00876216

DUNHAM-BUSH LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2013



tgs taylorcocks

3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
PO6 3TH

DUNHAM-BUSH LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

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DUNHAM-BUSH LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr M J Holding
Mr M Ghiassian
Mr P Titchener
Mr D Shuttleworth
Mr Z Li
Mr Q Wang
Mr Y Jiao

Registered office

Downley Road
Havant
Hampshire
PO9 2JD

Auditor

taylorcocks
Chartered Accountants
& Statutory Auditor
3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
PO6 3TH

Bankers

National Westminster Bank Plc
23 West Street
Havant
Hampshire
PO9 1EJ

RBS Invoice Finance Limited
Smith House
Elmwood Avenue
Feltham
Middlesex
TW13 7QD

Solicitors

Blake Lapthorn
New Kings Court
Tollgate
Chandlers Ford
Eastleigh
SO53 3LG

DUNHAM-BUSH LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2013

The directors have pleasure in presenting their report and the financial statements of the company for the period ended 31st December 2013

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the manufacture and sale of heating and air conditioning equipment, together with the servicing of installed systems

A review of the business and future developments of Dunham-Bush Limited is contained within the Directors' Report in the group accounts of the company's holding company, Dunham-Bush (Europe) Plc

RESULTS AND DIVIDENDS

The total recognised income and expense for the period amounted to £499,121. The directors have not recommended a dividend

DIRECTORS

The directors who served the company during the period were as follows

Mr M J Holding
Mr M Ghiassian
Mr P Titchener
Mr D Shuttleworth
Mr Z Li
Mr Q Wang
Mr Y Jiao

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with those International Financial Reporting Standards as adopted by the European Union. 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DUNHAM-BUSH LIMITED

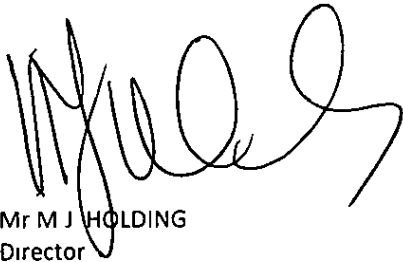
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2013

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'M J Holding', written over the printed name and title.

Mr M J HOLDING
Director

Approved by the directors on

20/2/14

DUNHAM-BUSH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUNHAM-BUSH LIMITED

YEAR ENDED 31ST DECEMBER 2013

We have audited the financial statements of Dunham-Bush Limited for the year ended 31st December 2013 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS's) as adopted by the European Union.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion

- the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2013 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

DUNHAM-BUSH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUNHAM-BUSH LIMITED *(continued)*

YEAR ENDED 31ST DECEMBER 2013

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Graham Figgins (Senior Statutory Auditor)

For and on behalf of



Office Portsmouth

Date 21/2/14

DUNHAM-BUSH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER 2013

	Note	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 (restated) £
Continuing operations			
Revenue	2	7,837,634	9,235,652
Cost of sales		5,727,830	7,171,251
Gross profit		<u>2,109,804</u>	<u>2,064,401</u>
Distribution costs		743,768	937,538
Administrative expenses		770,703	630,950
Net loss/(gain) on foreign currency translation		(17,592)	(43,484)
Operating profit from continuing operations	3	<u>612,926</u>	<u>539,397</u>
Finance costs	6	427,805	578,632
Profit/(loss) on continuing activities before taxation		<u>185,121</u>	<u>(39,235)</u>
Taxes	7	-	-
Profit/(loss) for the period		<u><u>185,121</u></u>	<u><u>(39,235)</u></u>
Other comprehensive income			
Re-measurement of defined benefit obligation		314,000	(481,000)
Total recognised income and expense		<u><u>499,121</u></u>	<u><u>(520,235)</u></u>

All of the activities of the company are classed as continuing

All of the profit/(loss) for the period is attributable to the equity holders of Dunham-Bush Limited

The notes on pages 10 to 30 form part of these financial statements

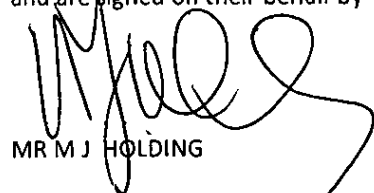
DUNHAM-BUSH LIMITED

STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2013

	Note	As at 31 Dec 2013 £	As at 31 Dec 2012 (restated) £	As at 1 Jan 2012 (restated) £
ASSETS				
Non-current assets				
Property, plant and equipment	8	3,422,153	3,518,232	3,595,726
		<u>3,422,153</u>	<u>3,518,232</u>	<u>3,595,726</u>
Current assets				
Inventories	9	1,412,621	1,234,759	1,524,953
Trade and other receivables	10	4,197,172	4,754,173	4,740,983
Cash and cash equivalents		279	15,343	234
		<u>5,610,072</u>	<u>6,004,275</u>	<u>6,266,170</u>
Total assets		<u>9,032,224</u>	<u>9,522,507</u>	<u>9,861,896</u>
LIABILITIES				
Current liabilities				
Trade and other payables	11	2,459,565	2,854,634	2,982,969
Financial liabilities	12	1,110,955	1,239,039	1,326,818
		<u>3,570,520</u>	<u>4,093,673</u>	<u>4,309,787</u>
Non-current liabilities				
Financial liabilities	12	1,188,444	1,400,695	1,613,735
Retirement benefit obligation	13	3,812,000	4,066,000	3,456,000
		<u>5,000,444</u>	<u>5,466,695</u>	<u>5,069,735</u>
Total liabilities		<u>8,570,964</u>	<u>9,560,368</u>	<u>9,379,522</u>
NET ASSETS/(LIABILITIES)		<u>461,260</u>	<u>(37,861)</u>	<u>482,374</u>
EQUITY				
Called up share capital	17	100	100	100
Retained earnings		461,160	(37,961)	482,274
Total equity		<u>461,260</u>	<u>(37,861)</u>	<u>482,374</u>

These financial statements were approved by the directors and authorised for issue on 20.2.14 and are signed on their behalf by



MR M J HOLDING

Company Registration Number 00876216

The notes on pages 10 to 30 form part of these financial statements.

DUNHAM-BUSH LIMITED

STATEMENT OF CHANGES IN EQUITY

31ST DECEMBER 2013

	Equity share capital £	Retained earnings £	Total shareholders' equity £
At 1st January 2012 (as previously reported)	100	3,059,274	3,059,374
Adjustments (see note 1)	-	(2,577,000)	(2,577,000)
At 1st January 2012 (restated)	100	482,274	482,374
Loss for the year	-	(39,235)	(39,235)
Other comprehensive income for the year	-	(481,000)	(481,000)
Total recognised income and expense for the year	-	(37,961)	(37,861)
At 31st December 2012 (restated)	100	(37,961)	(37,861)
Profit for the year	-	185,121	185,121
Other comprehensive income for the year	-	314,000	314,000
Total recognised income and expense for the year	-	499,121	499,121
At 31st December 2013	100	461,160	461,260

The notes on pages 10 to 30 form part of these financial statements.

DUNHAM-BUSH LIMITED

STATEMENT OF CASH FLOW

YEAR ENDED 31ST DECEMBER 2013

	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 £
Operating activities		
Operating profit	612,926	539,397
<i>Adjustments to reconcile operating profit/(loss) to net cash flows from operating activities</i>		
Depreciation of property, plant and equipment	96,079	92,609
Defined benefit pension contributions and expenses paid	(261,380)	(254,039)
(Increase)/decrease in inventories	(177,862)	290,194
Decrease/(increase) in trade and other receivables	557,002	(13,190)
Decrease in trade and other payables	(395,068)	(128,336)
Net cash flow from operating activities	431,697	526,635
Investing activities		
Purchase of property, plant and equipment	-	(15,114)
Net cash flow from investing activities	-	(15,114)
Financing activities		
Interest paid	(106,425)	(195,593)
New bank loans	-	-
Repayment of bank loans	(199,723)	(194,841)
Repayment of hire purchase	(13,436)	(13,435)
Net cash flow from financing activities	(319,584)	(403,869)
Increase in cash and cash equivalents	112,113	107,652
Cash and cash equivalents at the beginning of the period	(1,009,631)	(1,117,283)
Cash and cash equivalents at the end of the period	(897,518)	(1,009,631)

CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Cash in hand	279	15,343
Bank overdrafts (see note 12)	(166,556)	(144,610)
Commercial finance loan (see note 12)	(731,241)	(880,364)
	(897,518)	(1,009,631)

The notes on pages 10 to 30 form part of these financial statements.

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

1. ACCOUNTING POLICIES

Statement of compliance with IFRS

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as adopted by the European Union as they apply to the financial statements of the company for the year ended 31st December 2013 and applied in accordance with the Companies Act 2006

Going concern

The directors have carefully considered the funding requirements of the company for the foreseeable future. Facilities are in place with National Westminster Bank Plc, comprising a term loan (repayable over 7 years) of £1.6m, secured on the freehold property and an overdraft facility of £250,000.

Additional facilities exist with Royal Bank of Scotland Invoice Finance Limited, secured on the trade debts of the company.

On the basis of the budgets that have been prepared, given the facilities in place and the continued support from the company's holding company, Dunham-Bush Limited will have adequate resources to continue in operational existence for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.

Basis of preparation

The basis of preparation and accounting policies set out in this Report and Accounts have been prepared in accordance with the recognition and measurement criteria of IFRS, which also include International Accounting Standards (IAS's), as issued by the IASB and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on the historical cost basis and on the going concern basis. The Company's financial statements are presented in pounds sterling.

Accounting policies

The principal accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31st December 2013. These policies have been consistently applied to all periods presented unless otherwise stated.

Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

- Amendments to IFRS 7 *Disclosures* *Offsetting of Financial Assets and Financial Liabilities*
- Application of IFRS 10
- Application of IFRS 11
- Application of IFRS 12
- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*
- Application of IAS 19 *Employee Benefits* (as revised in 2011)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

The Directors do not consider the following new and revised IFRSs to have any impact on the company's financial statements

- Amendments to IFRS 7 *Disclosures Offsetting of Financial Assets and Financial Liabilities*
- Application of IFRS 10
- Application of IFRS 11
- Application of IFRS 12
- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

Application of IAS 19 *Employee Benefits* (as revised in 2011)

In the current year, the company has applied IAS 19 *Employee Benefits* (as revised in 2011) and the related consequential amendments for the first time

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised on the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see tables below for details). In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see tables below for details).

Impact on total comprehensive income of the year of application of IAS 19 (as revised in 2011)

	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 £
Impact on profit/(loss) for the year		
Decrease/(increase) in finance costs	(60,000)	224,000
Increase/(decrease) in profit for the year	<u>(60,000)</u>	<u>224,000</u>
Impact on other comprehensive income for the year		
Increase in remeasurement of defined benefit obligation	314,000	(481,000)
Increase/(decrease) in other comprehensive income for the year	<u>314,000</u>	<u>(481,000)</u>
Increase/(decrease) in total comprehensive income for the year	<u>254,000</u>	<u>(257,000)</u>

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

Impact on assets, liabilities and equity as at 1 January 2012 of the application of the above new and revised Standards

	As at 01/01/12 as previously reported £	IAS 19 adjustments £	As at 01/01/12 as restated £
Property, plant and equipment	3,595,726	-	3,595,726
Inventories	1,524,953	-	1,524,953
Trade and other receivables	4,740,983	-	4,740,983
Cash and cash equivalents	234	-	234
Borrowings – non-current	(1,613,735)	-	(1,613,735)
Retirement benefit obligation	(879,000)	(2,577,000)	(3,456,000)
Trade and other payables	(4,309,787)	-	(4,309,787)
Total effect on net assets and equity	3,059,374	(2,577,000)	482,374

	As at 31/12/12 as previously reported £	IAS 19 adjustments £	As at 31/12/12 as restated £
Property, plant and equipment	3,518,232	-	3,518,232
Inventories	1,234,759	-	1,234,759
Trade and other receivables	4,754,173	-	4,754,173
Cash and cash equivalents	15,343	-	15,343
Borrowings – non-current	(1,400,695)	-	(1,400,695)
Retirement benefit obligation	(1,232,000)	(2,834,000)	(4,066,000)
Trade and other payables	(2,854,634)	-	(4,093,673)
Total effect on net assets and equity	2,796,139	(2,834,000)	(37,861)

New and revised IFRSs in issue but not yet effective

The company has not applied the following new and revised IFRS's that have been issued but are not yet effective

	Effective date for annual periods beginning on or after
• IFRS 9 <i>Financial Instruments</i>	1 January 2015
• Amendments to IFRS 9 and IFRS 7 <i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>	1 January 2015
• Amendments to IFRS 10, IFRS 12 and IAS 27 <i>Investment entities</i>	1 January 2014
• Amendments to IAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9

- All recognised financial assets that are currently under the scope of IAS 39 *Financial Instruments Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding that are generally measured at amortised cost and the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the company do not anticipate that the application of IFRS 9 will have any impact on the company's financial statements as the company does not hold debt investments.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services
- Commit to its investor(s) that its business purpose is to invest any funds solely for returns from capital appreciation, investment income, or both
- Measure and evaluate performance of substantially all of its investments on a fair value basis

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The directors of the company do not anticipate that the investment entities amendments will have any impact on the company's financial statements as the company is not an investment entity.

1. ACCOUNTING POLICIES *(continued)*

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offsetting of financial assets and financial liabilities. Specifically the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'

The directors of the company do not anticipate that these amendments to IAS 32 will have a significant impact on the company's financial statements as the company does not have any financial assets and financial liabilities that qualify for offset

Significant judgements and estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. However, the nature of estimation means that actual outcomes could differ from those estimates. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Details regarding judgements which have the most significant effect on the amounts recognised in the financial statements are as follows

(a) Pensions and other post-retirement benefits

The cost and valuation of defined benefit pension plans is determined using actuarial valuations. This involves making assumptions about discount rates, expected rate of return of assets, future salary and pensions increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 13

(b) Impairment of non-financial assets

When the recoverable amount of an asset, being the higher of its net selling price and its value in use, is less than its carrying amount, then the carrying amount is reduced to its recoverable value. This reduction is reported in the income statement as an impairment loss. Value in use is calculated using estimated cash flows, generally over a five-year period. These are discounted using an appropriate long-term pre-tax interest rate. When an impairment arises, the useful life of the asset in question is reviewed and, if necessary, the future depreciation/amortisation charge is accelerated

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Turnover from services provided is recognised upon performance of the services

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

The realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal through the normal course of business

An allowance is recorded for obsolescence

Research costs

Research costs are expensed as incurred

Property, plant and equipment

Property, plant and equipment are initially recorded at cost of purchase or construction and are depreciated on a straight-line basis, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows

Freehold Property	- over 30 years
Plant & Machinery	- 5 to 15 years

Repairs and maintenance costs are recognised as expenses as incurred. Borrowing costs are not capitalised

As permitted by IFRS, property previously revalued before the transition date will be treated as deemed cost at the transition date

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and invoice discounting facilities ("Commercial finance loan")

Financial liabilities – interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost under the effective interest rate method

1. ACCOUNTING POLICIES *(continued)*

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the statement of financial position and depreciated over their expected useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except in respect of deferred income tax assets which are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Pensions and other post-retirement benefits

The company operates two types of pension schemes, which are presented in these financial statements in accordance with IAS 19 'Employee Benefits', the accounting treatment for which is set out below.

Defined contribution scheme

A defined contribution scheme is a pension scheme under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Defined benefit scheme

A defined benefit scheme is a pension scheme that is not a defined contribution scheme

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial variations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial positions, with a charge of credit recognised in other comprehensive income in the period which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The company presents the first two components of defined benefit costs in profit or loss in the line item pension costs – defined benefit scheme. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the company's defined benefit plan. Any surplus resulting from the calculation is limited to the present value of the economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Fair values

Fair value is the amount for which a financial asset, liability or instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques. The fair values at the statement of financial position date are approximately in line with their reported carrying values unless specifically mentioned in the notes to the financial statements.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

2. REVENUE

An analysis of the company's revenue for the period is as follows

	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 £
Total revenue by destination		
United Kingdom	7,163,685	7,432,515
Overseas sales	673,949	1,803,137
	<u>7,837,634</u>	<u>9,235,652</u>
Total revenue by operations		
Sale of goods	7,393,910	8,618,865
Servicing	443,724	616,787
	<u>7,837,634</u>	<u>9,235,652</u>

All revenue arises from continuing operations in the periods ended 31st December 2013 and 31st December 2012

3. OPERATING PROFIT

Operating profit from continuing operations is stated after charging/(crediting)

	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 £
Depreciation of owned fixed assets	71,395	70,623
Depreciation of assets held under hire purchase agreements	24,684	21,986
Auditor's remuneration		
- as auditor	22,350	21,750
- for other services	3,350	3,250
Operating lease payments – minimum lease payments		
- Plant and equipment	9,020	16,727
- Vehicles	41,845	81,809
Net loss/(gain) on foreign currency translation	<u>(17,592)</u>	<u>(43,484)</u>

DUNHAM-BUSH LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2013****4. STAFF COSTS**

The average number of staff employed by the company during the financial period amounted to

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
	No	No
Number of production staff	76	80
Number of administrative staff	13	17
Number of management staff	3	3
	<u>92</u>	<u>100</u>

The aggregate payroll costs of the above were

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
	£	£
Wages and salaries	1,996,623	2,302,530
Social security costs	183,107	222,294
Pension costs – defined benefit scheme (note 13)	–	–
Pension costs – defined contribution schemes	30,592	29,217
	<u>2,214,893</u>	<u>2,552,392</u>

Pension costs in respect of the defined benefit scheme are amounts charged to operating profit and do not include amounts charged to finance costs (see note 6)

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
	£	£
Aggregate emoluments	115,664	112,619
Contribution to defined contribution schemes	4,571	4,470
	<u>120,235</u>	<u>109,876</u>

The number of directors who accrued benefits under company pension schemes was as follows

	As at 31 Dec 2013	As at 31 Dec 2012
	No	No
Money purchase schemes	<u>2</u>	<u>3</u>

DUNHAM-BUSH LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2013****6. FINANCE COSTS**

	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 (restated) £
Interest payable on bank loans and overdrafts	74,562	139,272
Interest payable on commercial finance loan	28,934	53,392
Interest on obligations under hire purchase agreements	2,929	2,929
Finance cost of defined benefit pension plans (note 13)	321,000	376,000
Pension scheme professional fees	380	7,039
	<u>427,805</u>	<u>578,632</u>

7 TAXATION ON ORDINARY ACTIVITIES**Current income tax**

There is no tax charged in the income statement for the period ended 31st December 2013 (31st December 2012 - £nil)

Deferred tax

The company has unrecognised tax losses arising in the UK of approximately £1,500,000 that are available and may be offset against future taxable profits. These losses have not been recognised as a deferred taxation asset.

Reconciliation of the total tax charge

The tax rate in the income statement for the period is lower than the standard rate of corporation tax in the UK of 23.25% (2012 – 24.50%). The differences are reconciled below.

	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 (restated) £
Accounting (loss)/profit before taxation	185,121	(39,235)
Accounting (loss)/profit multiplied by the UK standard rate of corporation tax of 23.25% (2012 – 24.5%)	43,041	(9,613)
Expenses not deductible for tax purposes	592	-
Losses for which deferred tax is not recognised	-	-
Utilisation of losses brought forward	(71,936)	(35,556)
Other temporary differences for which deferred tax is not recognised	28,303	45,169
Total current tax	<u>-</u>	<u>-</u>

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Freehold Buildings	Plant & Machinery	Total
	£	£	£	£
COST				
At 1st January 2012	2,579,000	1,317,748	1,302,578	5,199,326
Additions	-	-	15,114	15,114
At 31st December 2012	2,579,000	1,317,748	1,317,692	5,214,440
Additions	-	-	-	-
Disposals	-	-	(6,136)	(6,136)
At 31st December 2013	<u>2,579,000</u>	<u>1,317,748</u>	<u>1,311,556</u>	<u>5,208,304</u>
DEPRECIATION				
At 1st January 2012	-	530,075	1,073,525	1,603,600
Provided during the period	-	51,515	41,094	92,609
At 31st December 2012	-	581,590	1,114,619	1,696,209
Provided during the year	-	51,612	44,467	96,079
On disposals	-	-	(6,136)	(6,136)
At 31st December 2013	<u>-</u>	<u>633,202</u>	<u>1,152,950</u>	<u>1,786,152</u>
NET BOOK VALUE				
Net book value at 31st December 2013	<u>2,579,000</u>	<u>684,546</u>	<u>158,607</u>	<u>3,422,153</u>
Net book value at 31st December 2012	2,579,000	736,158	203,074	3,518,232
Net book value at 31st December 2011	2,579,000	787,673	229,053	3,595,726

Included within the net book value of Plant & Machinery is £105,170 (2012 - £135,396) relating to assets of which hire purchase agreements are secured upon

9. INVENTORIES

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Raw materials	600,129	519,426
Work in progress	692,615	547,390
Finished goods	119,877	167,943
	<u>1,412,621</u>	<u>1,234,759</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

10. TRADE AND OTHER RECEIVABLES

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Amounts falling due within one year		
Trade receivables	1,086,622	1,555,225
Amounts owed by group undertakings	3,029,525	3,107,321
Prepayments and accrued income	81,025	91,627
	<u>4,197,172</u>	<u>4,754,173</u>

Trade receivables are non-interest bearing and are generally on between 30 and 60 days' terms and are shown net of any provisions for impairment. At 31st December 2013, trade receivables at a nominal value of £232,492 (2012 - £216,783) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Opening provision	216,783	215,425
Charge for the period	31,419	22,198
Amounts written off	(15,710)	(20,840)
Closing provision	<u>232,492</u>	<u>216,783</u>

Of the total trade receivables shown above, £228,131 (2012 - £269,766) are past due, but not impaired. An analysis of these trade receivables is as follows

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
0 - 30 days overdue	201,993	180,134
30+ days overdue	26,138	89,632
	<u>228,131</u>	<u>269,766</u>

Due to the nature and number of the company's customers, it is not practical to analyse the credit quality of trade receivables that are neither past due nor impaired. Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. Customers are assessed for financial reliability using external rating agencies.

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

11. TRADE AND OTHER PAYABLES

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Amounts falling due within one year		
Trade payables	513,426	885,245
Amounts owed to group undertakings	1,696,696	1,634,750
PAYE, social security and VAT	107,875	126,378
Other creditors	6,027	6,937
Accruals and deferred income	135,541	201,324
	<u>2,459,565</u>	<u>2,854,634</u>

12. FINANCIAL LIABILITIES

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Current		
Bank overdrafts	166,556	144,610
Commercial finance loan	731,241	880,364
Current instalments due on bank loans	199,722	200,629
Hire purchase agreements	13,436	13,436
	<u>1,110,955</u>	<u>1,239,039</u>
Non-current		
Non-current instalments due on bank loans	1,179,139	1,377,954
Hire purchase agreements	9,305	22,741
	<u>1,188,444</u>	<u>1,400,695</u>

The bank overdrafts and commercial finance loan incurred interest during the period at 1.25% and 3.00% above base rate respectively

Bank loans

The bank loans incurred interest during the period at 1.25% above base and are due for repayment as follows

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
In one year or less or on demand	199,722	200,629
In more than one year but not more than two years	213,038	208,150
In more than two years but not more than five years	668,615	653,037
In more than five years	297,486	516,768
	<u>1,378,861</u>	<u>1,578,584</u>

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

12. FINANCIAL LIABILITIES *(continued)*

Hire purchase agreements

The hire purchase agreements are held on fixed interest rates which range between 2.95% and 7.75%. The future minimum lease payments under hire purchase contracts are as follows:

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Future minimum payments due		
Within one year	16,365	16,365
After more than one year but within two years	11,502	16,365
After more than two years but within five years	-	11,502
	<u>27,867</u>	<u>44,232</u>
Less finance charges	(5,126)	(8,056)
Present value of minimum lease payments	<u>22,741</u>	<u>36,176</u>
The present value of minimum lease payments is analysed as follows:		
Within one year	13,436	13,436
After more than one year but within five years	9,305	22,740
	<u>22,741</u>	<u>36,176</u>

13. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contributions pension scheme for the executive directors and the employees of Dunham-Bush Limited. The assets of the scheme are held separately from those of the company in an independently administered fund.

Dunham-Bush Limited also operates a defined benefit pension scheme for the benefit of the employees working in the United Kingdom. The funds of the plan are administered by Trustees and are separate from the company.

Independent qualified actuaries periodically undertake formal valuations of the Plan. The most recent actuarial valuation for accounting purposes of the Dunham-Bush Retirement Benefits Plan was undertaken as at 31st December 2013.

Assets have been taken at market value and the assumptions for valuing liabilities are selected to reflect market yields at the valuation date.

It should be noted that following consultation with the Trustees of the Scheme and Scheme members, the defined benefit scheme was closed to further service accrual with effect from 30th September 2006.

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

13 PENSIONS AND OTHER POST-RETIREMENT BENEFITS *(continued)*

The assets and liabilities of the defined benefit pension scheme are

	As at 31 Dec 2013	As at 31 Dec 2012 (restated)	As at 1 Jan 2012 (restated)
	£	£	£
Equities	1,516,000	1,139,000	1,153,000
Property	171,000	193,000	618,000
Gilts	2,206,000	2,316,000	2,213,000
Corporate bonds	1,045,000	1,403,000	1,225,000
Cash	341,000	323,000	309,000
Fair value of scheme assets	5,279,000	5,374,000	5,518,000
Present value of scheme liabilities	(9,091,000)	(9,440,000)	(8,974,000)
Net pension liability	(3,812,000)	(4,066,000)	(3,456,000)

The amounts recognised in comprehensive income for the period are as follows

	As at 31 Dec 2013 £	As at 31 Dec 2012 (restated) £
Components of defined benefit costs recognised in profit or loss		
Recognised in arriving at operating profit/(loss)	-	-
Net periodic benefit cost	(167,000)	(162,000)
Scheme expenses borne by employers	(154,000)	(214,000)
Finance cost in respect of defined benefit schemes	(321,000)	(376,000)

Components of defined benefit costs recognised in other comprehensive income

Return on plan assets (excluding amounts included in net interest expense)	69,000	(105,000)
Actuarial (gains) and losses arising from changes in demographic assumptions	117,000	10,000
Actuarial (gains) and losses arising from changes in financial assumptions	(151,000)	545,000
Actuarial (gains) and losses arising from experience adjustments	(349,000)	31,000
Remeasurement of defined benefit obligations	(314,000)	481,000

The actuarial assumptions made for the expected rates of return on assets were derived by considering best estimates for the expected long-term real rates of return from the main asset classes and combining these in proportions for each scheme. These assumed rates of return are net of investment expenses.

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

13. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *(continued)*

Pension contributions are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit method. Scheme assets are stated at their market values at the statement of financial position dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets. The main assumptions used by the actuary are

	As at 31 Dec 2013	As at 31 Dec 2012
Discount rate of obligation	4.50%	4.20%
Inflation	2.40%	1.80%
Rate of increases in pensionable salaries	n/a	n/a
Long-term rate of return on plan assets	4.20%	3.80%
Future pension increases		
Index-linked, maximum 5.0% pa, minimum 0.0% pa	2.40%	2.30%
Index-linked, maximum 3.0% pa, minimum 0.0% pa	2.10%	2.30%
Index-linked, maximum 2.5% pa, minimum 0.0% pa	1.90%	2.30%
Pre-retirement revaluation on non-GMPs		2.00%
Mortality model	S1PxA YoB <u>CMI_2013</u>	S1PxA YoB <u>CMI_2011</u>

The discount rate for the defined benefit scheme has been set by reference to the Merrill Lynch AA grade sterling corporate bonds over a 15 year term.

Changes in the present value of the defined benefit obligations are analysed as follows:

	As at 31 Dec 2013 £	As at 31 Dec 2012 (restated) £
At 31st December 2012	9,440,000	8,974,000
Interest cost	390,000	413,000
Remeasurement (gains)/losses		
Actuarial (gains) and losses arising from changes in demographic assumptions	117,000	10,000
Actuarial (gains) and losses arising from changes in financial assumptions	(151,000)	545,000
Actuarial (gains) and losses arising from experience adjustments	(349,000)	31,000
Benefits paid	(356,000)	(533,000)
At 31st December 2013	<u>9,091,000</u>	<u>9,440,000</u>

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

13. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *(continued)*

Changes in the fair value of the defined benefit scheme assets are analysed as follows

	As at 31 Dec 2013 £	As at 31 Dec 2012 (restated) £
At 31st December 2012	5,374,000	5,518,000
Interest income	223,000	251,000
Return on plan assets (excluding amounts included in net interest expense)	(69,000)	105,000
Company contributions	261,000	247,000
Pension scheme administrative expenses and pension fund levies	(154,000)	(214,000)
Benefits paid	(356,000)	(533,000)
At 31st December 2013	5,279,000	5,374,000

The company expects to contribute £267,000 to its defined benefit pension scheme in the year to 31st December 2014

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation estimates and mortality rates. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while all other assumptions remain constant

	Revised surplus/ (deficit) £	Change from disclosed surplus/ (deficit) £
Discount rate minus 0.1% pa	(3,940,000)	(128,000)
Members living one year longer than assumed	(4,130,000)	(318,000)
Pension trend plus 0.1% pa (increase in RPI inflation and related changes to other inflation linked assumptions)	(3,874,000)	(62,000)

14. COMMITMENTS UNDER OPERATING LEASES

Future minimum rentals payable under non-cancellable operating leases are as follows

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Not later than one year	44,734	43,743
After 1 year but not more than 2 years	21,577	29,400
After 2 years but not more than 5 years	20,655	12,467
	86,966	85,610

The major part of these commitments relate to operating leases in respect of motor vehicles

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

15. FINANCIAL INSTRUMENTS

The company uses financial instruments, other than derivatives, comprising cash, short term borrowings, trade creditors and trade debtors, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate risk, foreign currency risk and liquidity risk. It is the company's policy to minimise the cost of borrowings whilst retaining the flexibility of funding opportunities. This policy remained unchanged from prior periods. The structure of borrowings is kept under review and a minimum risk approach has been adopted.

It is and has been throughout the period under review, the company policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The company's interest rate risk relates to financial liabilities (see note 12).

Foreign currency risk

The company is exposed to translation risk. Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement of the company.

Liquidity risk

The maturity profile of the company's financial liabilities based on contractual undiscounted payments is included in note 12.

Fair values of financial assets and liabilities

The fair value of financial assets and liabilities are valued using a fair value hierarchy in accordance with IFRS 7. There is no material difference between the book values and fair values of the financial assets and liabilities of the company at 31st December 2013.

Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

16. RELATED PARTY TRANSACTIONS

Parent entity

Dunham-Bush Limited is a wholly owned subsidiary of Dunham-Bush (Europe) plc, a company incorporated in England & Wales. At the period end the company was owed £2,868,555 (2012 - £2,948,635) by Dunham-Bush (Europe) Plc.

Compensation of key management personnel

The key management personnel comprise the Managing Director, Operations Director and Finance Director of the company. The compensation of the Managing Director is disclosed within the parent company accounts. The compensation of the Operations Director and Finance Director is disclosed in note 5 above.

DUNHAM-BUSH LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2013****16. RELATED PARTY TRANSACTIONS *(continued)*****Entities with control over the company**

The company is part of a larger group, Yantai Moon Group Co Limited a company incorporated in The Peoples Republic of China. During the period the company entered into the following transactions with other members of the group headed by Dunham-Bush Holding Bhd

	Year ended 31 Dec 2013 £	Year ended 31 Dec 2012 £
Aggregate sales to	34,900	9,032
Aggregate purchases from	363,063	421,735

All of the above transactions were undertaken on normal commercial terms. The company was also charged interest during the period on loans with other members of the group headed by Dunham-Bush Holding Bhd of £nil (2012 - £5,096)

At the statement of financial position date the company had the following balances with other members of the group headed by Dunham-Bush Holding Bhd

	As at 31 Dec 2013 £	As at 31 Dec 2012 £
Trading balances included in trade and other receivables	161,467	158,686
Trading balances included in trade and other payables	1,299,083	1,367,693
Loans included within trade and other payables	267,057	267,057

All of the above balances arose through the course of trading, except for the loans included within trade and other payables which have no formal terms of repayment, but incurs interest at 3% per annum. None of the balances are secured.

DUNHAM-BUSH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2013

17. SHARE CAPITAL

Authorised share capital.

	As at 31 Dec 2013	As at 31 Dec 2012
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid

	As at 31 Dec 2013		As at 31 Dec 2012	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

18. ULTIMATE PARENT COMPANY

The company's holding company is Dunham-Bush (Europe) plc. The consolidated accounts of Dunham-Bush (Europe) plc are those of the smallest group of which the company is a member and for which group accounts are prepared. Copies of the accounts of Dunham-Bush (Europe) plc can be obtained from the Company Secretary, Dunham-Bush (Europe) plc, Downley Road, Havant, Hants, PO9 2JD.

The ultimate parent undertaking is Yantai Moon Group Co Limited, a company incorporated in The People's Republic of China.