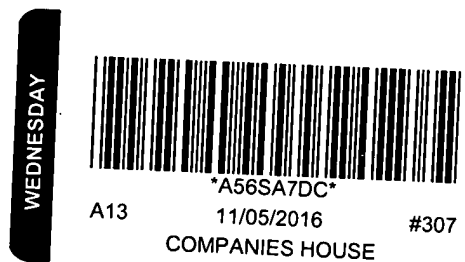


COMPANY REGISTRATION NUMBER 00876216

**DUNHAM-BUSH LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31st DECEMBER 2015**



3 Acorn Business Centre  
Northarbour Road  
Cosham  
Portsmouth  
PO6 3TH

**DUNHAM-BUSH LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

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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**

TGS 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 STRATEGIC REPORT**

#### **YEAR ENDED 31ST DECEMBER 2015**

##### **Business Review**

2015 was a year that started with some uncertainty, generally considered to be due to the general election. The program of austerity translated into a cut-back in government funded school work both prior to the election and continuing after the coalition government left power. Cuts at both central and local level resulted in a reduction in sales of our traditional heating products over the summer months. However the private commercial market was strong at the beginning of the year and we benefitted from an increase in sales of several product lines, compensating in part for the reduction in traditional heating lines. Even with the improvements in the commercial market our sales overall reduced by 8% and margins were lower due to the product mix, although ahead of budget. The results of cost reduction plans enabled us to improve our competitive position in the commercial market and the momentum of that continues. We continued to keep tight control of our expenses in all areas. Plans to reintroduce chiller manufacture into the UK operation have moved forward, two test rigs for chiller testing are under construction and a facility for testing locally assembled compressors is also progressing. We are currently working to transfer chiller design data from Dunham-Bush Malaysia and are assisting Dunham-Bush China to develop a new range of improved compressors that will be assembled in the UK and will benefit the company as a whole.

Following the restructuring of the company in 2014 we have been able to start the process of strengthening our balance sheet due in part to more favourable IAS 19 disclosures.

Sanross Plc, formerly Dunham-Bush (Europe) plc, has now been closed.

Packaged chiller assembly and testing will commence in 2016 as will compressor assembly. Technical information is now flowing more easily between divisions of Dunham-Bush which is helpful.

We continue to enjoy a positive relationship with our local bank NatWest.

##### **Principal Risks and Uncertainties**

###### Market Risk

In recognition that government spending will remain under extreme pressure we have expanded other product lines to compensate, the new Low Surface Temperature radiator is beginning to gain market acceptance and the engagement of a distributor for this product is a break with tradition but we believe this will result in additional sales. The upgrades to all Fan Coil Units products is complete, and is positioned well for a number of large projects in part due to successful independent testing. We expect some recovery in school refurbishment work some of which will come from previously postponed projects. Overall we expect a stronger private sector and public sector market in 2016.

###### Skills Risk

As we have reduced costs and become more reliant on systems we are conscious of the fact that specific skill sets are important to our business, and as result a program of cross training has been implemented in all areas of our business. We will require new and additional skills for the assembly of chillers and compressor but we do not anticipate a problem in finding these skills locally.

The various programs to improve the energy efficiency of our products are being actioned but there may be a requirement to address this with dedicated resources at some point.

**DUNHAM-BUSH LIMITED**

**THE STRATEGIC REPORT**

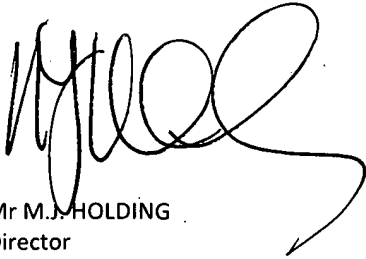
**YEAR ENDED 31ST DECEMBER 2015**

Exchange Rate Risks

As we are purchasing more components from outside of the UK we are exposed to exchange rate fluctuation. However, we sell products in Euros and US Dollars and maintain currency accounts in both. Recent volatility of both the US\$ and The Euro have required careful management, but we monitor the impact on margins on a regular basis.

General Business Risks

Management of Health and Safety, Quality assurance standards, operating systems and environmental issues are regularly reviewed and are not considered threats to the business.

A large, stylized handwritten signature in black ink, appearing to read 'M.J. Holding', with a long horizontal flourish extending to the right.

Mr M.J. HOLDING  
Director

Approved by the directors on 15th February 2016

A small, dark, handwritten scribble or stamp located in the bottom right corner of the page.

## **DUNHAM-BUSH LIMITED**

### **THE DIRECTORS' REPORT**

#### **YEAR ENDED 31ST DECEMBER 2015**

The directors have pleasure in presenting their report and the financial statements of the company for the period ended 31st December 2015.

#### **RESULTS AND DIVIDENDS**

The total recognised income and expense for the period amounted to a profit of £575,977. 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 2015**

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



Mr MJ HOLDING  
Director

Approved by the directors on 15th February 2016

## **DUNHAM-BUSH LIMITED**

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

#### **YEAR ENDED 31ST DECEMBER 2015**

We have audited the financial statements of Dunham-Bush Limited for the year ended 31st December 2015 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 4, 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 2015 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 2015**

**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 FCA (Senior Statutory Auditor)

For and on behalf of



Statutory Auditor

Office: Portsmouth

Date: 15th February 2016

**DUNHAM-BUSH LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**YEAR ENDED 31ST DECEMBER 2015**

	Note	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
<b>Continuing operations</b>			
Revenue	2	7,513,063	8,166,121
Cost of sales		5,635,151	5,890,840
<b>Gross profit</b>		<b>1,877,912</b>	<b>2,275,281</b>
Distribution costs		737,858	763,597
Administrative expenses		658,437	641,255
Net gain on foreign currency translation		17,844	(20,627)
<b>Operating profit from continuing operations</b>	3	<b>463,773</b>	<b>891,056</b>
Finance costs	6	423,515	417,490
Exceptional write-off of intercompany receivable		-	1,509,942
<b>Profit/(loss) on continuing activities before taxation</b>		<b>40,258</b>	<b>(1,036,376)</b>
Income taxes	7	263,149	-
<b>Profit/(loss) for the period</b>		<b>303,407</b>	<b>(1,036,376)</b>
<b>Other comprehensive income</b>			
Items that will not be re-classified to the income statement			
Re-measurement of defined benefit obligation	13	281,000	(518,000)
Income taxes	7	(8,430)	-
<b>Total recognised income and expense</b>		<b>575,977</b>	<b>(1,554,376)</b>

All of the activities of the company are classed as continuing.

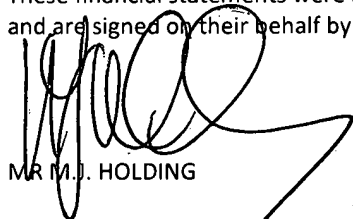
All of the profit/(loss) for the period is attributable to the equity holders of Dunham-Bush Limited.

The notes on pages 12 to 34 form part of these financial statements.

**DUNHAM-BUSH LIMITED****STATEMENT OF FINANCIAL POSITION****31ST DECEMBER 2015**

	Note	As at 31 Dec 2015 £	As at 31 Dec 2014 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	3,490,211	3,362,851
Deferred tax assets	7	226,360	-
		<u>3,716,571</u>	<u>3,362,851</u>
<b>Current assets</b>			
Inventories	9	1,519,255	1,313,397
Trade and other receivables	10	1,280,339	1,288,399
Cash and cash equivalents		255,106	266,149
		<u>3,054,700</u>	<u>2,867,945</u>
<b>Total assets</b>		<u>6,771,270</u>	<u>6,230,796</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	815,345	959,517
Financial liabilities	12	1,203,895	707,017
		<u>2,019,240</u>	<u>1,666,534</u>
<b>Non-current liabilities</b>			
Financial liabilities	12	1,057,169	1,274,378
Retirement benefit obligation	13	4,212,000	4,383,000
		<u>5,269,169</u>	<u>5,657,378</u>
<b>Total liabilities</b>		<u>7,288,409</u>	<u>7,323,912</u>
<b>NET LIABILITIES</b>		<u>(517,139)</u>	<u>(1,093,116)</u>
<b>EQUITY</b>			
Called up share capital	17	100	100
Retained earnings		(517,239)	(1,093,216)
<b>Total equity</b>		<u>(517,139)</u>	<u>(1,093,116)</u>

These financial statements were approved by the directors and authorised for issue on 15th February 2016, and are signed on their behalf by:



MR M.J. HOLDING

Company Registration Number 00876216

The notes on pages 12 to 34 form part of these financial statements.

**DUNHAM-BUSH LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**31ST DECEMBER 2015**

	Equity share capital £	Retained earnings £	Total shareholders' equity £
<b>At 1st January 2014</b>	<b>100</b>	<b>461,160</b>	<b>461,260</b>
Loss for the year	-	(1,036,376)	(1,036,376)
Other comprehensive income for the year	-	(518,000)	(518,000)
Total recognised income and expense for the year	-	(1,554,376)	(1,554,376)
<b>At 31st December 2014</b>	<b>100</b>	<b>(1,093,216)</b>	<b>(1,093,116)</b>
Profit for the year	-	303,407	303,407
Other comprehensive income for the year net of income tax	-	272,570	272,570
Total recognised income and expense for the year	-	575,977	575,977
<b>At 31st December 2015</b>	<b>100</b>	<b>(517,239)</b>	<b>(517,139)</b>

The notes on pages 12 to 34 form part of these financial statements.

**DUNHAM-BUSH LIMITED**

**STATEMENT OF CASH FLOW**

**YEAR ENDED 31ST DECEMBER 2015**

	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
<b>Operating activities</b>		
Operating profit	463,773	891,056
<i>Adjustments to reconcile operating profit/(loss) to net cash flows from operating activities</i>		
Depreciation of property, plant and equipment	106,477	98,793
Defined benefit pension contributions and expenses paid	(227,996)	(278,730)
(Increase)/decrease in inventories	(205,858)	99,224
Decrease in trade and other receivables	36,419	2,908,773
Decrease in trade and other payables	(144,171)	(1,490,319)
<b>Net cash flow from operating activities</b>	<b>28,644</b>	<b>2,228,797</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(233,837)	(39,491)
<b>Net cash flow from investing activities</b>	<b>(233,837)</b>	<b>(39,491)</b>
<b>Financing activities</b>		
Interest paid	(85,519)	(95,490)
New bank loans	-	325,263
Intercompany loan write-off	-	(1,509,942)
Repayment of bank loans	(208,633)	(224,107)
Repayment of hire purchase	(6,188)	(13,436)
<b>Net cash flow from financing activities</b>	<b>(300,340)</b>	<b>(1,517,712)</b>
<b>Increase in cash and cash equivalents</b>	<b>(505,533)</b>	<b>671,594</b>
Cash and cash equivalents at the beginning of the period	(225,924)	(897,518)
<b>Cash and cash equivalents at the end of the period</b>	<b>(731,457)</b>	<b>(225,924)</b>

**CASH AND CASH EQUIVALENTS**

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

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
Cash in hand	255,106	266,149
Commercial finance loan (see note 12)	(968,563)	(492,073)
	<b>(731,457)</b>	<b>(225,924)</b>

The notes on pages 12 to 34 form part of these financial statements.

# **DUNHAM-BUSH LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31ST DECEMBER 2015**

#### **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 2015 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 £1.3m, secured on the freehold property.

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 principle accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31st December 2015. 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 amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015.

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

- Amendments to IAS19 *Defined Benefit Plans: Employee Contributions*

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

## 1. ACCOUNTING POLICIES (continued)

## 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:

	<i>Effective date for annual periods beginning on or after</i>
• IFRS 9 <i>Financial Instruments</i>	1 January 2018
• IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
• Amendments to IFRS 11 <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016
• Amendments to IAS 16 and IAS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
• Amendments to IAS 16 and IAS 41 <i>Agriculture: Bearer Plants</i>	1 January 2016
• Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
• Amendments to IFRSs <i>Annual Improvements to IFRSs 2012-2014 Cycle</i>	1 January 2016

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, and in November 2013 to include the new requirements to general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

## 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

1. ACCOUNTING POLICIES *(continued)*

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instrument that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 15 Revenue from Contracts with Customers

In May 2014 IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with the customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the application of IFRS 15 in the future will have a material impact on the amounts reported and disclosures made in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

1. ACCOUNTING POLICIES *(continued)*

Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two circumstances:

- a) where the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight line method is the most appropriate method to reflect the consumption of the economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that mean the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Company's financial statements as the Company is not engaged in agricultural activities.

**1. ACCOUNTING POLICIES** *(continued)*

*Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state the gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in the associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

*Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception*

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any holding company, subsidiary, associated or joint venture that qualifies as an investment entity.

*Annual Improvements to IFRSs 2012-2014 Cycle*

The *Annual Improvements to IFRSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

**1. ACCOUNTING POLICIES** *(continued)*

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

**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.

**(c) Deferred tax assets**

A deferred tax asset arises on the timing difference between the payment of pension contributions to the defined benefit pension scheme and the tax relief obtained thereon. This asset has not been recognised in prior years due to the uncertainty regarding its recoverability. In the current year the asset is being recognised as the directors are confident that the resulting tax relief will become available in the foreseeable future. The asset has been discounted to reflect the level of remaining uncertainty over the eventual recoverability.

The proportion of the asset relating to the current year actuarial gain has been recognised within Other comprehensive income. The remainder is included within the current year performance in line with the current year change in estimate regarding the recoverability of the underlying timing difference.

A deferred tax asset arises on the available tax losses which the company is carrying forward. This asset has not been recognised in prior years due to the uncertainty regarding its recoverability. In the current year a proportion of the asset is being recognised as the directors are confident that the company will generate sufficient taxable profits in the foreseeable future to recover a part of these losses.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

**1. ACCOUNTING POLICIES *(continued)***

**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.

**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
Assets under construction	- no depreciation is charged until the asset comes into use

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").

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

1. ACCOUNTING POLICIES *(continued)*

**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.

**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.

**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 2015****2. REVENUE**

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

	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
<b>Total revenue by destination</b>		
United Kingdom	6,463,108	7,283,735
Overseas sales	1,049,955	882,386
	<u>7,513,063</u>	<u>8,166,121</u>
<b>Total revenue by operations</b>		
Sale of goods	7,376,581	7,464,365
Servicing	136,482	701,756
	<u>7,513,063</u>	<u>8,166,121</u>

All revenue arises from continuing operations in the periods ended 31st December 2015 and 31st December 2014.

**3. OPERATING PROFIT**

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

	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Depreciation of owned fixed assets	80,091	70,710
Depreciation of assets held under hire purchase agreements	26,384	28,084
Auditor's remuneration		
- as auditor	25,000	24,350
- for other services	3,500	3,400
Operating lease payments – minimum lease payments:		
- Plant and equipment	21,250	8,359
- Vehicles	36,888	48,411
Net loss/(gain) on foreign currency translation	<u>17,844</u>	<u>(20,627)</u>

**DUNHAM-BUSH LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2015****4. STAFF COSTS**

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

	Year ended 31 Dec 2015 No	Year ended 31 Dec 2014 No
Number of production staff	73	76
Number of administrative staff	13	13
Number of management staff	3	3
	<u>89</u>	<u>92</u>

The aggregate payroll costs of the above were:

	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Wages and salaries	1,977,366	1,982,130
Social security costs	188,168	181,116
Pension costs – defined benefit scheme (note 14)	–	–
Pension costs – defined contribution schemes	68,724	46,026
	<u>2,234,258</u>	<u>2,209,272</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 2015 £	Year ended 31 Dec 2014 £
Aggregate emoluments	237,784	217,126
Contribution to defined contribution schemes	10,594	10,339
	<u>245,378</u>	<u>227,465</u>

Remuneration of highest paid director:

	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Total remuneration	118,607	112,904
Contribution to defined contribution schemes	5,786	5,655
	<u>124,393</u>	<u>118,559</u>



**DUNHAM-BUSH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

**5. DIRECTORS' REMUNERATION** *(continued)*

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

	As at 31 Dec 2015	As at 31 Dec 2014
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

**6. FINANCE COSTS**

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	£	£
Interest payable on bank loans and overdrafts	63,345	68,037
Interest payable on commercial finance loan	20,513	24,524
Interest on obligations under hire purchase agreements	1,657	2,929
Finance cost of defined benefit pension plans (note 13)	338,000	322,000
Pension scheme professional fees	–	–
	<u>423,515</u>	<u>417,490</u>

**7. TAXATION ON ORDINARY ACTIVITIES**

**Income tax recognised in profit or loss**

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	£	£
<b>Current tax</b>		
In respect of the current year	–	–
In respect of prior years	(28,359)	–
<b>Deferred tax</b>		
In respect of the current year	(234,790)	–
	<u>(263,149)</u>	<u>–</u>

**Deferred tax**

A deferred tax asset arises on the timing difference between the payment of pension contributions to the defined benefit pension scheme and the tax relief obtained thereon. This asset has not been recognised in prior years due to the uncertainty regarding its recoverability. In the current year the asset is being recognised as the directors are confident that the resulting tax relief will become available in the foreseeable future. The asset has been discounted to reflect the level of remaining uncertainty over the eventual recoverability.

The proportion of the asset relating to the current year actuarial gain has been recognised within Other comprehensive income. The remainder is included within the current year performance in line with the current year change in estimate regarding the recoverability of the underlying timing difference.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

A deferred tax asset arises on the available tax losses which the company is carrying forward. This asset has not been recognised in prior years due to the uncertainty regarding its recoverability. In the current year a proportion of the asset is being recognised as the directors are confident that the company will generate sufficient taxable profits in the foreseeable future to recover a part of these losses.

**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 20.00% (2014 – 21.50%). The differences are reconciled below:

	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Accounting (loss)/profit before taxation	40,258	(1,036,376)
Accounting (loss)/profit multiplied by the UK standard rate of corporation tax of 20.00% (2014 – 21.50%)	8,052	(222,821)
Expenses not deductible for tax purposes	362	336,881
R&D tax credit	(28,359)	-
Deferred tax in respect of the current year	(234,790)	-
Utilisation of losses brought forward	(10,244)	(123,571)
Other temporary differences	1,830	9,511
Total current tax	(263,149)	-
<b>Income tax recognised in other comprehensive income</b>		
	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
<b>Current tax</b>		
In respect of the current year	-	-
<b>Deferred tax</b>		
Remeasurement of defined benefit obligation	8,430	-
	8,430	-
<b>Deferred tax balances</b>		
	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Recognition of available tax losses	(100,000)	-
Remeasurement of defined benefit obligation	(126,360)	-
	(226,360)	-

The company has made underlying pre-tax profits for the last two financial years, and is forecasting future trading profits which, in the opinion of the Directors, are sufficient to allow the utilisation of the other temporary timing differences arising from the IAS 19 finance costs shown in note 6, as well as the available tax losses.

**DUNHAM-BUSH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

**8. PROPERTY, PLANT AND EQUIPMENT**

	Freehold Land £	Freehold Buildings £	Plant & Machinery £	Assets under Construction £	Total £
<b>COST</b>					
At 1st January 2014	2,579,000	1,317,748	1,311,556	-	5,208,304
Disposals	-	-	39,490	-	39,490
At 31st December 2014	2,579,000	1,317,748	1,351,046	-	5,247,794
Additions	-	-	44,180	189,657	233,837
Disposals	-	-	-	-	-
<b>At 31st December 2015</b>	<b>2,579,000</b>	<b>1,317,748</b>	<b>1,395,226</b>	<b>189,657</b>	<b>5,481,631</b>
<b>DEPRECIATION</b>					
At 1st January 2014	-	633,202	1,152,950	-	1,786,152
Provided during the period	-	51,612	47,182	-	98,794
On disposals	-	-	-	-	-
At 31st December 2014	-	684,814	1,200,132	-	1,884,946
Provided during the year	-	51,612	54,863	-	106,475
On disposals	-	-	-	-	-
<b>At 31st December 2015</b>	<b>-</b>	<b>736,425</b>	<b>1,254,995</b>	<b>189,657</b>	<b>1,991,420</b>
<b>NET BOOK VALUE</b>					
<b>Net book value at 31st December 2015</b>	<b>2,579,000</b>	<b>581,323</b>	<b>140,231</b>	<b>189,657</b>	<b>3,490,211</b>
Net book value at 31st December 2014	2,579,000	632,934	150,917	-	3,362,851
Net book value at 31st December 2013	2,579,000	684,546	158,607	-	3,422,153

Included within the net book value of Plant & Machinery is £54,102 (2014 - £80,486) relating to assets of which hire purchase agreements are secured upon.

**9. INVENTORIES**

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
Raw materials	798,547	574,864
Work in progress	611,239	617,079
Finished goods	109,469	121,454
	<b>1,519,255</b>	<b>1,313,397</b>

**DUNHAM-BUSH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

**10. TRADE AND OTHER RECEIVABLES**

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
<b>Amounts falling due within one year</b>		
Trade receivables	1,186,159	1,187,279
Amounts owed by group undertakings	-	42,068
Prepayments and accrued income	65,821	59,052
Corporation tax receivable	28,359	-
	<u>1,280,339</u>	<u>1,288,399</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 2015, trade receivables at a nominal value of £301,519 (2014 - £238,898) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
Opening provision	238,898	232,492
Charge for the period	80,676	12,812
Amounts written off	(18,055)	(6,406)
Closing provision	<u>301,519</u>	<u>238,898</u>

Of the total trade receivables shown above, £397,203 (2014 - £452,901) are past due, but not impaired. An analysis of these trade receivables is as follows:

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
0 - 30 days overdue	333,997	390,860
30+ days overdue	63,206	62,041
	<u>397,203</u>	<u>452,901</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 2015**

**11. TRADE AND OTHER PAYABLES**

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
<b>Amounts falling due within one year</b>		
Trade payables	326,886	439,959
Amounts owed to group undertakings	255,288	238,189
PAYE, social security and VAT	80,284	114,527
Other creditors	9,740	9,483
Accruals and deferred income	143,147	157,359
	<u>815,345</u>	<u>959,517</u>

**12. FINANCIAL LIABILITIES**

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
<b>Current</b>		
Commercial finance loan	986,563	492,073
Current instalments due on bank loans	214,215	208,598
Hire purchase agreements	3,117	6,346
	<u>1,203,895</u>	<u>707,017</u>
<b>Non-current</b>		
Non-current instalments due on bank loans	1,057,169	1,271,419
Hire purchase agreements	-	2,959
	<u>1,057,169</u>	<u>1,274,378</u>

The commercial finance loan incurred interest during the period at 3.00% above base rate.

**Bank loans**

The bank loans incurred interest during the period at 2.16% above base and are due for repayment as follows:

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
In one year or less or on demand	214,215	208,598
In more than one year but not more than two years	219,984	214,214
In more than two years but not more than five years	696,134	677,877
In more than five years	141,052	379,328
	<u>1,271,384</u>	<u>1,480,017</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

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 2015 £	As at 31 Dec 2014 £
Future minimum payments due:		
Within one year	3,816	7,845
After more than one year but within two years	-	3,658
After more than two years but within five years	-	-
	<u>3,816</u>	<u>11,503</u>
Less finance charges	(699)	(2,198)
Present value of minimum lease payments	<u>3,117</u>	<u>9,305</u>
The present value of minimum lease payments is analysed as follows:		
Within one year	3,117	6,346
After more than one year but within five years	-	2,959
	<u>3,117</u>	<u>9,305</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 5th April 2014.*

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 2015**

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

The assets and liabilities of the defined benefit pension scheme are:

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
Equities	1,746,000	1,649,000
Property	194,000	199,000
Gilts	2,027,000	2,263,000
Corporate bonds	1,308,000	1,352,000
Cash	56,000	230,000
Fair value of scheme assets	<u>5,331,000</u>	<u>5,693,000</u>
Present value of scheme liabilities	(9,543,000)	(10,076,000)
<b>Net pension liability</b>	<u><u>(4,212,000)</u></u>	<u><u>(4,383,000)</u></u>

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

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
<b>Components of defined benefit costs recognised in profit or loss</b>		
Recognised in arriving at operating profit/(loss):	-	-
Net periodic benefit cost	(153,000)	(169,000)
Scheme expenses borne by employers	(185,000)	(153,000)
<b>Finance cost in respect of defined benefit schemes:</b>	<u><u>(338,000)</u></u>	<u><u>(322,000)</u></u>

**Components of defined benefit costs recognised in other comprehensive income**

Return on plan assets (excluding amounts included in net interest expense)	73,000	(306,000)
Actuarial (gains) and losses arising from changes in demographic assumptions	-	-
Actuarial (gains) and losses arising from changes in financial assumptions	(354,000)	824,000
Actuarial (gains) and losses arising from experience adjustments	-	-
<b>Remeasurement of defined benefit obligations:</b>	<u><u>(281,000)</u></u>	<u><u>518,000</u></u>

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. The scheme expenses shown above include costs incurred directly by the company on behalf of the scheme.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2015

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 2015	As at 31 Dec 2014
Discount rate of obligation	3.80%	3.50%
Inflation	1.90%	1.90%
Rate of increases in pensionable salaries	n/a	n/a
Future pension increases:		
Index-linked, maximum 5.0% pa, minimum 0.0% pa:	2.00%	2.00%
Index-linked, maximum 3.0% pa, minimum 0.0% pa:	1.80%	1.80%
Index-linked, maximum 2.5% pa, minimum 0.0% pa:	1.60%	1.60%
Mortality model	S1PxA YoB CMI_2013	S1PxA YoB CMI_2013

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 2015 £	As at 31 Dec 2014 £
At 31st December 2014	10,076,000	9,091,000
Interest cost	344,000	404,000
Expenses	22,000	153,000
Remeasurement (gains)/losses		
Actuarial (gains) and losses arising from changes in demographic assumptions	-	-
Actuarial (gains) and losses arising from changes in financial assumptions	(354,000)	824,000
Actuarial (gains) and losses arising from experience adjustments	-	-
Benefits paid & expenses	(545,000)	(396,000)
At 31st December 2015	9,543,000	10,076,000



**DUNHAM-BUSH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

**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 2015 £	As at 31 Dec 2014 £
At 31st December 2014	5,693,000	5,279,000
Interest income	191,000	235,000
Return on plan assets (excluding amounts included in net interest expense)	(73,000)	306,000
Company contributions	65,000	269,000
Pension scheme administrative expenses and pension fund levies	-	-
Benefits paid & expenses	(545,000)	(396,000)
<b>At 31st December 2015</b>	<b><u>5,331,000</u></b>	<b><u>5,693,000</u></b>

The company expects to contribute £69,700 to its defined benefit pension scheme in the year to 31st December 2016.

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 0.25% pa	(4,334,000)	(122,000)
Rate of inflation plus 0.25% pa	(4,271,000)	(59,000)
Members living one year longer than assumed	(4,326,000)	(114,000)
Members commute an extra 10% of Post A Day pension on retirement	(4,204,000)	8,000

**14. COMMITMENTS UNDER OPERATING LEASES**

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

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
Not later than one year	30,114	37,499
After 1 year but not more than 2 years	14,973	31,011
After 2 years but not more than 5 years	1,767	11,455
	<b><u>46,854</u></b>	<b><u>79,965</u></b>

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

**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 2015.

**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 Holding Bhd, a company incorporated in Malaysia.

**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 Directors is disclosed in note 5 above.

**DUNHAM-BUSH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

**16. RELATED PARTY TRANSACTIONS *(continued)***

**Entities with control over the company**

The company is part of a larger group headed by 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 Yantai Moon Group Co Limited:

	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Aggregate sales to	12,114	27,356
Aggregate purchases from	466,517	238,243
	<u>          </u>	<u>          </u>

All of the above transactions were undertaken on normal commercial terms.

At the statement of financial position date the company had the following balances with other members of the group headed by Yantai Moon Group Co Limited:

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
Trading balances included in trade and other receivables	-	42,068
Trading balances included in trade and other payables	255,288	238,189
	<u>          </u>	<u>          </u>

All of the above balances arose through the course of trading. None of the balances are secured.

**17. SHARE CAPITAL**

**Authorised share capital:**

	As at 31 Dec 2015 £	As at 31 Dec 2014 £
100 Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>

**Allotted, called up and fully paid:**

	As at 31 Dec 2015		As at 31 Dec 2014
	No	£	No
Ordinary shares of £1 each	100	100	100
	<u>          </u>	<u>          </u>	<u>          </u>

**DUNHAM-BUSH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2015**

**18. ULTIMATE PARENT COMPANY**

The company's holding company is Dunham-Bush Holdings Bhd. The consolidated accounts of Dunham-Bush Holdings Bhd are those of the smallest group of which the company is a member and for which group accounts are prepared.

The penultimate and ultimate holding companies of Dunham-Bush Holding BHD are Yantai Moon Group (Hong Kong) Limited and Yantai Moon Group Co Limited respectively. Yantai Moon Group Co Limited is incorporated in The People's Republic of China.