



Glen Dimplex Home Appliances Limited

Directors' report and financial statements

Year ended 30 September 2019

Registered number: 2692306

Glen Dimplex Home Appliances Limited

UK 2692306

Directors' report and financial statements

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Glen Dimplex Home Appliances Limited

UK 2692306

Directors and other information

Directors

M. Naughton
N. Naughton
F. Naughton
D. Flynn
S Barriskell
M. Davison

Secretary

F. Naughton

Registered office

Stoney Lane
Prescot
Merseyside
L35 2XW

Auditor

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

Banker

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

HSBC Bank plc
1 Centenary Square
Birmingham
B1 1 HQ

Solicitor

Gordons
Riverside West
Whitehall Road
Leeds
LS1 4AW

Strategic report

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

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

- Product demand – increasingly consumers are more demanding in relation to product functionality and appearance, consequently product lives are becoming shorter;
- Exchange fluctuations – the Company has significant foreign currency exposures in euro and US dollar, which are not naturally hedged, and is thus exposed to fluctuations in exchange rates; and
- General economic risk – the Company is exposed to general economic risk, including changes in the economic outlook of the UK and government changes in industrial, fiscal, monetary or regulatory policies. In particular, there is significant uncertainty regarding the UK economy following the Brexit vote and Covid-19.

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

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

On behalf of the board



D. Flynn
Director

18 May

2020

Directors' report

The directors present their directors' report together with the audited financial statements of the Company for the year ended 30 September 2019.

Results and state of affairs as at 30 September 2019

Turnover for the year was £89.5 million (2018: £192.0 million). The Companies results cover the twelve months to September 2019, whereas the prior year covers an eighteen month period. The loss before interest and non-trading items amounted to £16.5 million (2018: £11.6 million). Shareholder's funds amounted to £29.0 million at 30 September 2019 (2018: £49.2 million).

During the prior period the Company announced that it was considering proposals to exit loss-making segments of the market, outsourcing the manufacture of certain products with the objective of ensuring a viable business in the future. As a result of this restructuring decision costs of £1.7 million (2018: £6.6 million) have been charged in the year.

Future developments

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

Dividends and retention

No dividends or transfers to reserves are recommended by the directors in respect of the current year (2018: £Nil).

Research and development

The Company is engaged in ongoing research in order to improve its product range and develop its business. During the year the Company incurred research expenditure of £1.9 million (2018: £3.3 million).

Directors, secretary and their interests

The directors and secretary who held office during the year, unless otherwise stated, were as follows:

M. Naughton
N. Naughton
F. Naughton
D. Flynn
F. Naughton (appointed as secretary 5 June 2019)
S. Barriskell (appointed as director 30 September 2019)
M. Davison (appointed as director 30 September 2019)
S. Yarwood (resigned as director and secretary 5 June 2019)
J. Casley (resigned as director 31 August 2019)

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

Directors' report *(continued)*

Disabled employees

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

Post balance sheet events

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty coupled with more volatile asset prices and currency exchange rates.

For the Company's 30 September 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future. The Company has considerable resources in the form of group inter company loans together with long-term relationships with a number of customers and suppliers. As a consequence, the directors believe that the Company will manage the risk posed by the Coronavirus by undertaking actions such as ensuring it controls its cost base. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Financial instruments

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

Political and charitable donations

There were no political or charitable donations made during the year (2018: £Nil).

Going concern

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

Disclosure of information to auditor

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

Glen Dimplex Home Appliances Limited

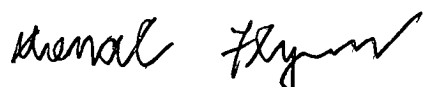
UK 2692306

Directors' report *(continued)*

Auditor

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

By order of the board



D. Flynn
Director

18 May 2020

Stoney Lane
Prescot
Merseyside
L35 2XW

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

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

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

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

On behalf of the board



D. Flynn
Director

18 May 2020



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

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Glen Dimplex Home Appliances Limited ('the Company') for the year ended 30 September 2019 set out on pages 10 to 37, which comprise the statement of profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



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

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

Other information

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

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

Based solely on our work on the other information;

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.



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

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

18 May 2020

Glen Dimplex Home Appliances Limited

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Statement of profit and loss account and other comprehensive income for the year ended 30 September 2019

	Note	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Turnover	2	89,461	191,976
Cost of sales		(80,187)	(162,862)
		<hr/>	<hr/>
Gross profit		9,274	29,114
Operating expenses	3	(25,792)	(40,681)
		<hr/>	<hr/>
Loss on ordinary activities before interest and non-trading items		(16,518)	(11,567)
Interest and other finance costs, net	4	(508)	(1,310)
Income from shares in group undertakings	5	6,685	-
Non-trading items	6	(3,138)	(6,602)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	7	(13,479)	(19,479)
Tax on loss on ordinary activities	9	2,913	945
		<hr/>	<hr/>
Loss for the financial year/period		(10,566)	(18,534)
		<hr/>	<hr/>
Other comprehensive (expense)/income			
Remeasurement of defined retirement benefit obligations		(11,540)	9,108
Income tax credit/(charge) on other comprehensive (expense)/income		1,962	(1,548)
		<hr/>	<hr/>
Other comprehensive (expense)/income for the year/period, net of income tax		(9,578)	7,560
		<hr/>	<hr/>
Total comprehensive expense for the year/period		(20,144)	(10,974)
		<hr/>	<hr/>

Glen Dimplex Home Appliances Limited

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Balance sheet

as at 30 September 2019

	Note	30 September 2019 £'000	30 September 2018 £'000
Fixed assets			
Goodwill	11	618	791
Tangible assets	12	20,467	21,339
		<u>21,085</u>	<u>22,130</u>
Current assets			
Inventories	13	17,656	22,468
Debtors	14	74,996	101,947
Derivative financial instruments	15	618	381
Cash at bank and in hand		7,927	2,564
		<u>101,197</u>	<u>127,360</u>
Creditors: amounts falling due within one year	16	(48,159)	(67,042)
		<u>53,038</u>	<u>60,318</u>
Net current assets			
		53,038	60,318
Total assets less current liabilities		74,123	82,448
Creditors: amounts falling due after more than one year	17	(1,850)	(1,178)
Government grants	18	(1,033)	(1,129)
Provisions for liabilities	19	(4,054)	(7,082)
		<u>67,186</u>	<u>73,059</u>
Net assets before retirement benefit obligations			
Retirement benefit obligations	22	(38,169)	(23,898)
		<u>29,017</u>	<u>49,161</u>
Net assets			
		<u>29,017</u>	<u>49,161</u>
Capital and reserves			
Called up share capital	20(a)	100	100
Share premium		14,461	14,461
Capital contribution	20(b)	16,000	16,000
Profit and loss account		(1,544)	18,600
		<u>29,017</u>	<u>49,161</u>
Shareholder's funds			
		<u>29,017</u>	<u>49,161</u>

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

On behalf of the board


D. Flynn
Director

18 May

2020

Glen Dimplex Home Appliances Limited

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Statement of changes in equity for the year ended 30 September 2019

	Called up share capital £000	Share Premium £000	Capital contribution £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	100	14,461	16,000	29,574	60,135
Total comprehensive expense for the period					
Loss for the period	-	-	-	(18,534)	(18,534)
Other comprehensive income	-	-	-	7,560	7,560
Total comprehensive expense for the period	-	-	-	(10,974)	(10,974)
Balance at 30 September 2018	100	14,461	16,000	18,600	49,161
Balance at 1 October 2018	100	14,461	16,000	18,600	49,161
Total comprehensive expense for the year					
Loss for the year	-	-	-	(10,566)	(10,566)
Other comprehensive expenses	-	-	-	(9,578)	(9,578)
Total comprehensive expense for the year	-	-	-	(20,144)	(20,144)
Balance at 30 September 2019	100	14,461	16,000	(1,544)	(29,017)

Notes

forming part of the financial statements

1 Accounting policies

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

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

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

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

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

Measurement convention

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

Going concern

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

Notes (continued)

1 Accounting policies (continued)

Foreign currency

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

Classification of financial instruments issued by the Company

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

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

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

Basic financial instruments*Trade and other debtors/creditors*

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

Investments in preference and ordinary shares

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

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments (continued)*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

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

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

Derivative financial instruments and hedging

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

Cash flow hedges

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

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

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

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

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

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

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

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

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

Business combinations

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

The Company recognises goodwill at the acquisition date as:

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

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

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

Notes (continued)

1 Accounting policies (continued)

Goodwill

Goodwill

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

Amortisation

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

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

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

Government grants

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

Inventories

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

Impairment

Financial assets (including trade and other debtors)

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

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

Notes (continued)

1 Accounting policies (continued)

Employee benefits

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

Defined contribution plans and other long term employee benefits

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

Defined benefit plans

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

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

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

Provisions

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

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

Expenses

Operating lease

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

Finance lease

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

Interest receivable and interest payable

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

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

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

Research

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

Taxation

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

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

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

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

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

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

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

2 Operations and turnover

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

Contributions to turnover by geographical destination supplied were as follows:

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
United Kingdom	80,582	172,889
Rest of Europe	4,860	11,631
Other	4,019	7,456
	<hr/>	<hr/>
	89,461	191,976
	<hr/>	<hr/>

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

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Notes (continued)

3 Operating expenses

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Selling and distribution costs	14,060	23,529
Administration expenses	9,846	13,902
Research expenditure	1,866	3,296
Other expense/(income), net	20	(46)
	<u>25,792</u>	<u>40,681</u>

4 Interest and other finance costs, net

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
(i) Interest		
Finance lease interest payable	(51)	(87)
Bank interest	-	(6)
	<u>(51)</u>	<u>(93)</u>
(ii) Other finance income/(costs), net		
Interest on defined benefit scheme liabilities (note 22)	(694)	(1,322)
Fair value movement on forward foreign exchange contracts	237	105
	<u>(457)</u>	<u>(1,217)</u>
Interest and other finance costs, net	<u>(508)</u>	<u>(1,310)</u>

5 Income from shares in group undertakings

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Income from shares in group undertakings	6,685	-

Income from shares in group undertakings is dividend income received from its subsidiary Lec Refrigeration Limited.

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Notes (continued)

6 Non-trading items

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Restructuring costs	1,694	6,602
Guaranteed minimum pension equalisation	1,444	-
	<u>3,138</u>	<u>6,602</u>

7 Loss on ordinary activities before taxation

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation (note 12)	3,161	4,637
Operating lease rentals	104	261
Auditor's remuneration – in respect of financial statements	97	119
Grant amortisation (note 18)	(96)	(217)
Loss/(profit) on sale of fixed assets	34	(46)
	<u>3,161</u>	<u>4,637</u>

8 Staff costs

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Employee costs during the year/period comprised:		
Wages and salaries	27,928	46,132
Social security costs	2,559	4,523
Retirement benefit costs	1,504	1,560
	<u>31,991</u>	<u>52,215</u>

Notes (continued)

8 Staff costs (continued)

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

	Year ended 30 September 2019	18 month period ended 30 September 2018
Production	546	770
Distribution and sales	147	174
Research	31	41
Administration	70	79
	<hr/>	<hr/>
	794	1,064
	<hr/>	<hr/>

Directors' remuneration:

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

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Emoluments	957	1,341
	<hr/>	<hr/>

Directors' pensions:

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

	Year ended 30 September 2019	18 month period ended 30 September 2018
Defined benefit schemes	-	-
	<hr/>	<hr/>

Highest paid director:

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

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Emoluments	333	546
	<hr/>	<hr/>

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Notes (continued)

9 Tax on loss on ordinary activities

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Corporation tax	-	-
Adjustment in respect of prior period	-	-
	<hr/>	<hr/>
Current tax charge for the year/period	-	-
Deferred tax credit (note 10)	(2,913)	(945)
	<hr/>	<hr/>
Total tax credit for the year/period	(2,913)	(945)
	<hr/>	<hr/>

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

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Loss on ordinary activities before tax	(13,479)	(19,479)
	<hr/>	<hr/>
Tax on loss on ordinary activities at average standard corporation tax rate of 19%	(2,561)	(3,701)
<i>Effects of:</i>		
Permanent depreciation	130	182
Sales of fixed assets	32	5
Dividend Income	(1,270)	-
Items not deductible	10	255
Impact on deferred tax of a change in the tax rate	288	180
Deferred tax adjustment in respect of prior period	(460)	-
Group relief surrendered	1,006	2,025
Other	(88)	109
	<hr/>	<hr/>
Total tax credit for the year/period	(2,913)	(945)
	<hr/>	<hr/>

Unutilised tax losses of £20.3 million remain unrecognised at 30 September 2019, in accordance with the accounting policy for such losses.

Factors that may affect future tax charges:

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

Notes (continued)

10 Deferred tax

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

	30 September 2019 £'000	30 September 2018 £'000
Balance at beginning of year/period	7,008	7,611
Credit for year/period (note 9)	2,913	945
Retirement benefits in O.C.I.	1,962	(1,548)
Balance at end of year/period	11,883	7,008

The deferred tax asset at 30 September 2019 consists of an asset of £1.7 million (2018: £2.9 million) relating to originating timing differences and £3.7 million (2018: £Nil) relating to tax losses carried forward. In addition, a deferred tax asset of £6.5 million (2018: £4.1 million) arises in relation to retirement benefit obligations in the balance sheet (note 22).

11 Goodwill	Cost £'000	Amortisation £'000	Net £'000
Opening – 30 September 2018	1,766	(975)	791
Charge for the year	-	(173)	(173)
Closing – 30 September 2019	1,766	(1,148)	618

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Notes (continued)

12 Tangible assets	Freehold and long leasehold premises £'000	Plant equipment and tooling £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At beginning of year	23,301	38,132	10,315	3,172	74,920
Additions	394	878	317	1,557	3,146
Disposals	(619)	(1,054)	(192)	(1,505)	(3,370)
At end of year	23,076	37,956	10,440	3,224	74,696
Depreciation					
At beginning of year	8,744	34,338	9,073	1,426	53,581
Charge for the year	769	1,072	734	586	3,161
Disposals	(308)	(862)	(184)	(1,159)	(2,513)
At end of year	9,205	34,548	9,623	853	54,229
Net book value					
At 30 September 2019	13,871	3,408	817	2,371	20,467
At 30 September 2018	14,557	3,794	1,242	1,746	21,339

Included in the above are property assets valued at £13.9M over which the Company has granted charges in favour of one of its pension schemes.

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

	30 September 2019 £'000	30 September 2018 £'000
Net book value	2,371	1,746
Depreciation charge for year/period	586	976

Notes (continued)

13 Inventories	30 September 2019 £'000	30 September 2018 £'000
Raw materials	3,675	5,234
Work in progress	1,801	2,123
Finished goods	12,180	15,111
	<hr/>	<hr/>
	17,656	22,468
	<hr/>	<hr/>

The replacement cost of inventories did not differ significantly from the amounts shown above. Inventories are stated net of a provision for impairment of £2.8 million (2018: £2.7 million).

14 Debtors: amounts falling due within one year	30 September 2019 £'000	30 September 2018 £'000
Trade debtors (a)	9,871	14,922
Amounts owed from group undertakings (b)	52,037	78,523
Deferred tax (note 10)	11,883	7,008
Other debtors	-	95
Prepayments and accrued income	1,205	1,399
	<hr/>	<hr/>
	74,996	101,947
	<hr/>	<hr/>

(a) Trade debtors are stated net of a provision of impairment of £119,000 (2018: £144,000).

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

Notes (continued)

15 Financial instruments	30 September 2019 £'000	30 September 2018 £'000
Assets at fair value through profit or loss		
Financial assets		
Forward foreign exchange contracts	618	381
	<hr/>	<hr/>
Total financial assets	618	381
	<hr/>	<hr/>

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

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

(b) Financial risk management**Foreign currency**

Due to the nature of its business, the Company was exposed to the effects of fluctuations in foreign currency exchange rates. In order to manage these exposures, the Company enters into various hedging arrangements. At 30 September 2019, the Company had commitments under forward foreign exchange contracts, whereby it is committed to purchase contracts with a sterling equivalent of £17,640,604 (2018: £41,287,786).

Credit risk

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

16 Creditors: amounts falling due within one year	30 September 2019 £'000	30 September 2018 £'000
Obligations under finance leases (note 17)	601	567
Trade creditors	7,947	15,681
Amounts owed to other group undertakings (a)	23,901	34,626
Taxation and social security	850	805
VAT	2,019	2,205
Accruals and deferred income	12,841	13,158
	<hr/>	<hr/>
	48,159	67,042
	<hr/>	<hr/>

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

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Notes (continued)

17 Creditors: amounts falling due after one year	30 September 2019 £'000	30 September 2018 £'000
Obligations under finance leases	1,850	1,178

The maturity of obligations under finance leases is as follows:

	30 September 2019 £'000	30 September 2018 £'000
Amounts payable		
Within one year (note 16)	601	567
Between two and five years	1,850	1,178
More than five years	-	-
	<u>2,451</u>	<u>1,745</u>

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

18 Government grants	30 September 2019 £'000	30 September 2018 £'000
Balance at beginning of year/period	1,129	1,346
Amortisation	(96)	(217)
Balance at end of year/period	<u>1,033</u>	<u>1,129</u>

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Notes (continued)

19 Provisions for liabilities	Warranty £'000	Restructuring £'000	Total £'000
Opening – 1 October 2018	2,274	4,808	7,082
Charge for the year	3,669	111	3,780
Utilised in year	(3,669)	(3,139)	(6,808)
	<hr/>	<hr/>	<hr/>
Closing – 30 September 2019	2,274	1,780	4,054
	<hr/>	<hr/>	<hr/>
Opening – 1 April 2017	2,274	-	2,274
Charge for the year	5,575	5,250	10,825
Utilised in year	(5,575)	(442)	(6,017)
	<hr/>	<hr/>	<hr/>
Closing – 30 September 2018	2,274	4,808	7,082
	<hr/>	<hr/>	<hr/>

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

The restructuring provision relates to redundancy payments and consultancy costs.

20 Shareholder's funds	30 September 2019 £'000	30 September 2018 £'000
(a) Called up share capital		
Authorised		
100,100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
100,100 ordinary shares at £1 each	100	100
	<hr/>	<hr/>
(b) Capital contribution		
	30 September 2019 £'000	30 September 2018 £'000
Capital contribution	16,000	16,000
	<hr/>	<hr/>

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

Notes (continued)

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

Non-cancellable operating lease rentals are payable as follows:

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Less than one year	-	110
Between two and five years	-	-
More than five years	-	-
	<hr/>	<hr/>
	-	110
	<hr/>	<hr/>

During the year £104,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £261,000).

	30 September 2019 £'000	30 September 2018 £'000
(b) Capital commitments		
Authorised and contracted for	-	-
Authorised and not contracted for	204	394
	<hr/>	<hr/>
	204	394
	<hr/>	<hr/>

(c) Government grants

Grants have been received from Northwest Development Agency in respect of expenditure on certain fixed assets. These grants are repayable in certain circumstances, principally the sale of grant-aided assets, the failure to meet or maintain certain employment levels or the discontinuance, in part or in whole, of certain operations. The contingent liability existing at 30 September 2019 was £1,213,000 (2018: £1,213,000).

(d) Litigation

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

(e) Other

The Company has granted charges over property assets in favour of one of its pension schemes as continuing security for amounts due under a deficit funding agreement concluded with the pension scheme Trustees.

Notes (continued)

22 Retirement benefit obligations

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

The charge to the Company for the defined benefit schemes amounted to £52,000 (2018: £182,000). The pension charge for payments to defined contribution schemes for the year was £1,504,000 (2018: £1,560,000).

Pension costs for the defined benefit schemes are assessed in accordance with the advice of a professionally qualified actuary and are subject to a triennial valuation by a qualified actuary, the last valuation being carried out as at 5 April 2018 for the Glen Dimplex Home Appliances pension scheme and 5 April 2017 for the Stoves Executive pension scheme.

The valuation was performed using the projected unit method and the principal assumption used was that the rate of investment return should be less than the rate of pensionable salary increases by 0.40% and the rate of deferred pension revaluation by 0.48%. The valuation has been updated by independent actuaries to take account of the requirements of Section 28 of FRS 102 in order to assess the liabilities as at 30 September 2019.

The major assumptions used for the actuarial valuations were:

	30 September 2019 %	30 September 2018 %
Rate of increase of pensions in payment	2.28-3.28	2.21-3.21
Rates of increases in salaries	0-2.20	0-2.20
Discount rate	1.80	2.87
Inflation rate	2.28-3.28	2.21-3.21

The fair value of the assets in the scheme and the present value of the liabilities at 30 September 2019 are as follows:

	Value at 30 September 2019 £'000	Value at 30 September 2018 £'000
Equities	14,358	26,809
Bonds	10,876	25,058
Other	29,146	20,919
LLDI	22,599	-
	<hr/>	<hr/>
Total fair value of assets	76,979	72,786
Present value of benefit obligations	(115,148)	(96,684)
	<hr/>	<hr/>
Net retirement obligation	(38,169)	(23,898)
	<hr/>	<hr/>

Notes (continued)

22 Retirement benefit obligations (continued)

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

	Year ended 30 September 2019 Years	18 month period ended 30 September 2018 Years
Male	20.1	20.6
Female	22.7	23.1

Changes in defined benefit obligations

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
At beginning of year/period	96,684	106,396
Current service cost	52	182
Employee contributions	9	20
Interest expense	2,720	4,076
Actuarial loss/(gain)	18,139	(8,790)
Benefits paid	(3,900)	(5,200)
Allowance for GMP Equalisation	1,444	-
At end of year/period	115,148	96,684

Changes in fair value of plan assets

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
At beginning of year/period	72,786	70,673
Employer contributions	248	4,700
Employee contributions	9	20
Benefits paid	(3,900)	(5,200)
Running costs paid by scheme	(789)	(479)
Actual return on scheme assets less interest income	6,599	318
Interest income	2,026	2,754
At end of year/period	76,979	72,786

Notes (continued)

22 Retirement benefit obligations (continued)

Components of pension cost	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Included in profit and loss account		
<i>Included in payroll costs:</i>		
Current service costs	(52)	(182)
Running costs paid by the scheme	(789)	(479)
Net operating profit charge	(841)	(661)
<i>Included in non-trading items:</i>		
Allowance for guaranteed minimum pension equalisation	(1,444)	-
Net non-trading items	(1,444)	-
<i>Included in finance costs:</i>		
Net interest on net defined benefit obligations	(694)	(1,322)
Net finance costs	(694)	(1,322)
Included in other comprehensive income		
	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Actual return on scheme assets less interest income	6,599	318
Actuarial (loss)/gain	(18,139)	8,790
Remeasurement of (losses)/gains recognised in the statement of other comprehensive income	(11,540)	9,108

Notes (continued)

23 Ultimate parent undertaking

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

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

24 Subsidiary

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

25 Related party transactions

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

26 Capital and reserves

	30 September 2019 £'000	30 September 2018 £'000
Profit and loss reserves at the start of the year/period	18,600	29,574
Loss for the year/period	(10,566)	(18,534)
Remeasurement of defined retirement benefit obligation	(11,540)	9,108
Tax relating to components of other comprehensive income	1,962	(1,548)
Profit and loss reserves at the end of year/period	(1,544)	18,600

Notes *(continued)*

27 Accounting estimates and judgements

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

Post-retirement benefits

The Company's total obligation in respect of defined benefit pension schemes is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Company. Further details are set out in note 22.

Goodwill

The Company is required to review assets for objective evidence of impairment. It does this on the basis of a review of the budget and strategic plans (where appropriate), which by their nature are based on a series of assumptions and estimates. Details of the carrying value of goodwill is set out in note 11.

Recoverability of trade receivables

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

Valuation of inventory

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

Warranty

Certain products carry formal guarantees for varying years following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement. Details of the carrying value of warranty provisions is set out in note 19.

Notes *(continued)*

28 Post balance sheet events

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty coupled with more volatile asset prices and currency exchange rates.

For the Company's 30 September 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future. The Company has considerable resources in the form of group inter company loans together with long-term relationships with a number of customers and suppliers. As a consequence, the directors believe that the Company will manage the risk posed by the Coronavirus by undertaking actions such as ensuring it controls its cost base. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

29 Approval of financial statements

The financial statements were approved by the directors on 18 May 2020.