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Financial Statements

Inter Rested Limited

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For the year ended 31 December 2015

Company No. 03666295

Company information

Company registration number	03666295
Registered office	Ten Acres Berry Hill Industrial Estate Droitwich Worcestershire WR9 9BP
Director	R F Hancox
Secretary	D M Hancox
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT
Bankers	Lloyds Bank 125 Colmore Row Birmingham B3 3SD

Contents

Group strategic report

Introduction

The director presents the group strategic report for the year ended 31 December 2015

Business review and future developments

Markets in Western Europe continued to be competitive. The group saw benefit from expense reduction and quality improvements The effect of a stronger pound versus most of the group's trading currencies reduced reported turnover in sterling by £8 0m

The group continues its efforts to improve efficiency and productivity and new products are continually being introduced Uncertainty over the effect of European Eco-labeling requirements and continued disruptions in the Euro zone makes 2016 performance unpredictable However, the group is well placed to respond to the various outcomes possible.

Sudbury House completed its refurbishment in early 2015 It was awarded 4 AA Silver Stars and 3 rosettes for its restaurant Sales continued to grow satisfactorily during the year The group acquired the Swan Hotel at Hay On Wye in September 2015 A programme of refurbishment has commenced

Principal risks and uncertainties facing the group

The main markets of the group are in Western Europe These markets are affected by the performance of individual economies, government subsidies and local technical standards, consumer perceptions of energy efficiency and their attitude to the cost and reliability of supply of differing energy sources

These risks are managed by pursuing multiple strategies Product offerings are continually reviewed and updated to meet market demands The group has a very wide portfolio of own manufactured products which are designed to satisfy all foreseeable requirements for alternative fuel types and provide energy efficient solutions Management in subsidiary companies participate actively in local professional associations lobbying on technical standards and subsidies and ensuring such factors are reflected in development and sales plans The group is represented in most markets of the world and strong efforts are being made to develop those markets where the current market share can be increased

It is expected that further investments will be made in the hospitality sector The future timing and extent of these investments will depend on the performance of the existing hotels This sector is reliant upon the available disposable income and close attention is paid to ensure our products offer value in our chosen market

Financial instruments

The group's principal financial instruments comprise bank loans, overdrafts, finance leases and hire purchase contracts, cash and short term investments, trade debtors and trade creditors The group's operations expose it to a wide variety of financial risks including the effects of changes in foreign currency exchange rates, credit risk, liquidity risk and cash flow interest rate risk.

Foreign currency risk

The transactional exposure of the group to foreign currency exchange rates is largely naturally hedged as most sales and purchases are made in Euros or in currencies closely linked to the Euro Where foreign exchange risks do exist, it is the policy of the group to forecast the flows over a six month period and to hedge approximately half of the forecast exposure using forward exchange contracts This policy limits the downside risk whilst allowing opportunity to benefit should rates move in the group's favour

The majority of the group's assets are held in currencies other than sterling The group does not hedge its balance sheet exposure to currency fluctuations It is the policy of the group to borrow funds in local currency and to minimise the distributable reserves of foreign subsidiaries in order to maximise the hedging effect of local borrowings

Group strategic report (continued)

Principal risks and uncertainties facing the group (continued)

Credit risk

Group companies grant trade credit to customers in the normal course of business. Prior to granting credit, investigations are made to determine the creditworthiness of customers and to establish credit limits and payment terms. The customer base of the group is large and diverse and generally of high quality The group is not exposed to any single customer whose failure would give rise to any cash flow difficulty for the group Customer balances are closely monitored and a hierarchy of procedures are applied to pursue collection where it is delayed The group has a prudent approach to the provision for bad and doubtful debts Trade debtors are presented in the balance sheet net of bad and doubtful debt provisions

Liquidity risk

At the year end, cash balances totalled £24 3m (2014 £21 7m) These resources give the group considerable flexibility to meet future funding needs

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and backed by government support

Cash flow interest rate risk

The group has borrowings, cash deposits and short term investments on which it pays and receives interest at market related rates The group does not hedge interest rate risk Borrowings are largely used to create foreign currency hedges Interest rates and borrowing positions are reviewed regularly and positions are adjusted as circumstances dictate The financial position of the group ensures that there will be no material adverse effect on the performance of the group through interest rate and borrowing changes

Key performance indicators

Financial key performance indicators

The key performance indicators which the director targets are sales growth, operating profit as a percentage of sales and return on capital employed The objective is to at least exceed inflation in sales growth and to improve the operating ratios year on year

	2015	2014
Sales (reduction)/ increase	**(6.5%)**	(14 3%)
Operating profit/(loss) as percentage of sales	**1.1%**	(1 9%)
Return on capital employed	**2.8%**	(4 6%)

Notes to KPIs

Sales movement is calculated by dividing the current year sales by the prior year sales and expressing the result as a percentage

Operating profit/(loss) percentage is calculated by expressing operating profit/(loss) as a percentage of sales

Return on capital employed is calculated by expressing operating profit/(loss) as a percentage of equity shareholder's funds plus loans and overdrafts minus net cash and current asset investments

Non-financial key performance indicators

The group, through its subsidiary companies, participates in trade associations and contributes and receives sales statistics in certain geographic product and market sectors Such information is unaudited and, as it does not include all market participants, partially incomplete Nevertheless the information available suggests that the group is maintaining or modestly improving its market share of key products for renewable systems

Group strategic report (continued)

Employee matters

The group pursues policies designed to encourage employees to identify with the group and use their knowledge and skills actively towards its success Managers are encouraged to make employees aware of the financial and economic factors affecting the group's performance

Full consideration is given to employment applications from disabled persons who have the necessary aptitudes and abilities Where an employee becomes disabled while employed, arrangements are made wherever practicable to maintain employment The group seeks to develop the skills of disabled persons by providing appropriate training, taking into account their particular needs

Environmental matters

As a heating products manufacturer, the group is closely associated with developments to minimise the emissions of CO_2 Changing government regulations and customer expectations profoundly affect demand for the group's products and therefore environmental impact is always at the forefront of the group's planning

The group does not engage in energy intensive manufacturing and most of its transport requirements are outsourced to third parties

This report was approved by the Board and signed on its behalf by

R F Hancox
Director

Date 26 May 2016

Report of the director

The director presents his report and the audited consolidated financial statements for the year ended 31 December 2015

Principal activity

Inter Rested Limited is an investment holding company The principal activity of the group is the manufacture of heat pumps, oil and gas burners, steel and cast iron boilers and water heaters and the distribution of these products, together with ancillary equipment from third party suppliers The group also has investments in the hospitality sector and operates a number of hotels

Going concern

In common with the majority of UK companies, the current economic conditions create uncertainty

The director has carefully considered the appropriateness of preparing the financial statements on a going concern basis Details of the director's review and conclusion are detailed under the heading 'Going Concern' in the principal accounting policies

Results

The profit for the year, after taxation, amounted to £469,000 (2014· loss of £2,310,000)

Dividends

An interim dividend of £75,000 was paid during the year (2014 £87,000) No final dividend is proposed (2014 £nil)

Director

The director who served during the year is set out on page 1

Research and development

The group is committed to develop products to meet environmental and energy conservation demands combined with high efficiency performance

Matters covered in the Strategic Report

Principal risks and uncertainties facing the group, key performance indicators, discussion of employee and environmental matters have been included within the Group Strategic Report

Report of the director (continued)

Statement of director's responsibilities

The director is responsible for preparing the Group Strategic Report and Report of the director and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business

The director is 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 group and parent company and that enable him to ensure that the financial statements comply with the Companies Act 2006 He is also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the director is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he ought, as a director, to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Auditor

Under Section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest dated prescribed for filing the accounts with the registrar, whichever is earlier

Approval

The report of the director was approved by the Board and signed on its behalf by

R F Hancox
Director

Date 26 May 2016

Company No 03666295

GrantThornton

Report of the independent auditor to the members of Inter Rested Limited

We have audited the financial statements of Inter Rested Lmuted for the year ended 31 December 2015 which comprise the consolidated and company balance sheets, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated and company statements of changes in equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland

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

Respective responsibilities of the director and auditor

As explained more fully in the Statement of director's responsibilities set out on page 7, the director is 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukpnvate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and Report of the director for the financial year for which the financial statements are prepared is consistent with the financial statements

Grant Thornton

Report of the independent auditor to the members of Inter Rested Limited (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Grant Thornton UK LLP

Kathryn Godfree
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Date 26 May 2016

Consolidated statement of comprehensive income

	Note	2015 £'000	2014 £'000
Turnover	1	**87,807**	93,941
Cost of sales		**(54,297)**	(60,371)
Gross profit		**33,510**	33,570
Distribution and selling costs		**(12,081)**	(14,694)
Administrative expenses		**(20,736)**	(21,202)
Other income		**399**	563
Group operating profit/(loss)	3	**1,092**	(1,763)
Interest receivable and similar income	5	318	361
Interest payable and similar charges	6	(450)	(600)
Profit/(loss) on ordinary activities before taxation		960	(2,002)
Taxation on (loss)/profit on ordinary activities	7	(491)	(308)
Profit/(loss) for the financial year		469	(2,310)
Other comprehensive loss for the year		(955)	(3,249)
Total comprehensive loss for the year		(486)	(5,559)

All of the activities of the group are classed as continuing

The accompanying principal accounting policies and notes on pages 16 to 43 form part of these financial statements

Consolidated balance sheet

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	11	543	632
Tangible assets	12	24,071	25,112
		24,614	25,744
Current assets			
Investments	13	**372**	390
Stocks	15	**13,893**	16,914
Assets held for resale	20	**2,300**	1,200
Debtors	16	**16,209**	14,180
Cash at bank and in hand	14	**24,308**	21,749
		57,082	54,433
Creditors: amounts falling due within one year	17	**(26,032)**	(23,833)
Net current assets		**31,050**	30,600
Total assets less current liabilities		**55,664**	56,344
Creditors: amounts falling due after more than one year	18	**(524)**	(676)
Provision for liabilities and charges	21	**(2,185)**	(2,148)
Net assets excluding pension deficit		**52,955**	53,520
Pension deficit	26	**(4,212)**	(4,216)
Net assets		**48,743**	49,304
Capital and reserves			
Called up share capital	24	80	80
Capital redemption reserve	25	20	20
Profit and loss account	25	48,643	49,204
Equity shareholder's funds		48,743	49,304

The financial statements were approved by the Board on signed on its behalf by

R F Hancox
Director
Date 26 May 2016

Company balance sheet

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	13	**32,201**	33,209
Current assets			
Debtors	16	**98**	237
Cash at bank and in hand	14	**16,539**	15,965
		16,637	16,202
Creditors: amounts falling due within one year	17	**(95)**	(103)
Net current assets		16,542	16,099
Total assets less current liabilities		48,743	49,308
Capital and reserves			
Called up share capital	24	**80**	80
Capital redemption reserve	25	**20**	20
Revaluation reserve	25	**25,135**	27,161
Profit and loss account	25	**23,508**	22,047
Equity shareholder's funds		48,743	49,308

The financial statements were approved by the Board and signed on its behalf by:

R F Hancox
Director
Date 26 May 2016
Company registration number 03666295

Consolidated statement of changes in equity

	Share capital £ '000	Capital redemption reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2015	80	20	49,204	49,304
Profit for the year	-	-	469	469
Foreign exchange	-	-	(1,008)	(1,008)
Actuarial gains	-	-	48	48
Deferred tax on actuarial gains	-	-	5	5
Total comprehensive income for the year	-	-	(955)	(955)
Contributions by and distributions to owners				
Dividends paid	-	-	(75)	(75)
At 31 December 2015	80	20	48,643	48,743

	Share capital £ '000	Capital redemption reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2014	80	20	54,850	54,932
Loss for the year	-	-	(2,310)	(2,310)
Foreign exchange	-	-	(2,705)	(2,705)
Actuarial losses	-	-	(643)	(643)
Deferred tax on actuarial losses	-	-	99	99
Total comprehensive expense for the year	-	-	(5,559)	(5,559)
Contributions by and distributions to owners				
Dividends paid	-	-	(87)	(87)
At 31 December 2014	80	20	49,204	49,304

Company statement of changes in equity

	Share capital £ '000	Capital redemption reserve £ '000	Revaluation reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2015	**80**	**20**	**27,161**	**22,047**	**49,308**
Profit for the year	-	-	-	1,536	1,536
Revaluation of investments in subsidiary undertakings	-	-	(2,026)	-	(2,026)
Total comprehensive income/(expense) for the year	-	-	(2,026)	1,536	(670)
Contributions by and distributions to owners					
Dividends paid	-	-	-	(75)	(75)
At 31 December 2015	**80**	**20**	**25,135**	**23,508**	**48,743**

	Share capital £ '000	Capital redemption reserve £ '000	Revaluation reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2014	**80**	**20**	**32,967**	**21,865**	**54,932**
Profit for the year	-	-	-	269	269
Revaluation of investments in subsidiary undertakings	-	-	(5,806)	-	(5,806)
Total comprehensive income/(expense) for the year	-	-	(5,806)	269	(5,529)
Contributions by and distributions to owners					
Dividends paid	-	-	-	(87)	(87)
At 31 December 2014	**80**	**20**	**27,161**	**22,047**	**49,308**

The accompanying principal accounting policies and notes on pages 16 to 43 form part of these financial statements

Consolidated cash flow statement

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit/(loss) for the financial year		**469**	(2,310)
Adjustments for:			
Amortisation of intangible assets		**90**	91
Depreciation and impairment of tangible assets		**1,900**	1,753
Profit on sale of tangible fixed assets		**(40)**	(38)
Interest paid		**450**	600
Interest received		**(318)**	(361)
Taxation		**491**	308
(Increase)/decrease in trade and other debtors		**(2,515)**	3,785
Decrease in stocks		**2,455**	1,337
Increase/(decrease) in trade and other creditors		**1,976**	(2,789)
Cash generated from operations		**4,958**	2,376
Income taxes (paid)/recovered		**(210)**	155
Net cash generated from operating activities		**4,748**	2,531
Cash flows from investing activities			
Proceeds from sale of tangible assets		**65**	315
Purchases of tangible assets		**(1,673)**	(1,934)
Purchase of trade and assets	31	**(701)**	
Interest received		**283**	306
Net cash from investing activities		**(2,026)**	(1,313)
Cash flows from financing activities			
Receipts from long term loans		**-**	401
Repayment of bank loans		**(417)**	(1,714)
Repayment of finance lease obligations		**(295)**	(385)
Interest paid		**(309)**	(403)
Dividends paid		**(75)**	(87)
Net cash used in financing activities		**(1,096)**	(2,188)
Net increase in cash and cash equivalents		**1,626**	(970)
Foreign exchange translation adjustment		**33**	(155)
Cash and cash equivalents at the beginning of the year		**13,390**	14,515
Cash and cash equivalents at end of year	14	**15,049**	13,390

Notes to the financial statements

1 Company information

The parent company is a limited company incorporated in the United Kingdom The registered office of the company is Ten Acres, Berry Hill Industrial Estate, Droitwich, Worcestershire, WR9 9BP

The principal activity of the group is the manufacture of heat pumps, oil and gas burners, steel and cast iron boilers and water heaters and the distribution of these products, together with ancillary equipment from third party suppliers

2 Accounting policies

2 1 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below

This is the first year in which the financial statements have been prepared under FRS 102 Refer to note 33 for an explanation of the transition

The financial statements are presented in Sterling and rounded in thousands

The group financial statements consolidate the financial statements of Inter Rested Limited and all its subsidiary undertakings drawn up to 31 December each year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements The parent company's profit for the year was £1,536,000 (2014 £269,000)

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations of the group and the parent company would be identical,
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole,
- the requirement to present related party disclosures with parent company or fellow subsidiaries where ownership is all 100%, and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity Uniform accounting policies are applied throughout the year and all intercompany transactions and balances between group companies are eliminated in full on consolidation

The consolidated financial statements incorporate the results of business combinations using the purchase method In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained They are deconsolidated from the date control ceases

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination

2.3 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report. The financial position of the group, its cash flows, liquidity position and borrowing facilities are also described The group has considerable financial resources including cash and unutilised banking facilities which together with investments in subsidiaries across different geographic areas, gives the director confidence that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

On this basis, the director has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Thus the going concern basis of accounting continues to be adopted in preparing the annual financial statements

2.4 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries) Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation

Investments in subsidiary undertakings are revalued annually and are included in the company balance sheet at their fair value Fair value is determined by reference to the underlying net assets, the earnings of the business and market indicators as to value There are also selected long term intercompany loans included within fixed asset investments Due to the nature of the long term loans, the director views these as an investment in the group undertakings and any revaluations are therefore accounted for in line with the revaluation of investments

Short term investments comprise secured cash deposits which are measured at fair value. Changes in fair value are recognised in profit or loss

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.5 Intangible assets

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) in respect of acquisitions is capitalised and is measured at cost less accumulated amortisation and any accumulated impairment losses

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method The intangible assets are amortised over the following useful economic lives

- Goodwill 10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations

2.6 Tangible fixed assets and depreciation

All fixed assets are stated at cost less accumulated depreciation, with the exception of investment properties, artwork and antiquities and classic cars, as explained below

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives Where there is evidence of impairment, fixed assets are written down to recoverable amount Any such write down would be charged to operating profit. No depreciation is provided on freehold land. The principal annual rates used for other assets are

Freehold property	- over 50 years
Plant and machinery	- over 10 years
Fixtures, fittings and equipment	- over 6 years
Motor vehicles	- over 4 years (except for classic cars which are not depreciated)

Artwork and antiques are deemed to have an indefinite useful life and as such are not subject to depreciation Consistent with statutory requirements, freehold listed buildings are maintained to a high standard and depreciation is not charged Annual impairment reviews are performed.

The treatment of artwork, antiques, classic cars and listed freehold buildings is a departure from the requirements of the Companies Act 2006 concerning the depreciation of fixed assets However, since artwork and antiques are considered to have an indefinite useful life and listed properties are maintained in good condition to prolong their useful lives, the accounting policies adopted ensure the financial statements give a true and fair view

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.8 Investment properties

Investment properties are included in the Balance sheet at their open market value and are not depreciated This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the director, necessary in order to give a true and fair view of the financial position of the company

2.9 Assets held for resale

Land and buildings held for sale is shown within assets held for sale at cost less any impairment until sold.

2.10 Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items Cost is determined on a first-in first-out basis The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 Creditors

Short term trade creditors are measured at the transaction price Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Turnover

Turnover is stated net of VAT and trade discounts Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer, which in most cases is when the goods are despatched to the customer Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

Turnover for the hotel businesses represents the value, net of value added tax and discounts, of goods and services provided to guests Revenue is recognised on a daily basis when a right to consideration has been earned. Turnover attributable to events is recognised in the period in which the event takes place

2.14 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises

2 16 Dividends

The annual final dividend is not provided for until it is approved by shareholders, whilst interim dividends are recognised in the period they are paid

2.17 Related party transactions

Under the terms of Financial Reporting Standard 102 Section 33 'Related Party Disclosures', the company is exempt from the requirement to disclose transactions with entities that are wholly owned subsidiaries of Inter Rested Limited.

2.18 Taxation

Current tax is recognised as the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where

- the group is able to control the reversal of the timing difference, and
- it is probable that the timing difference will not reverse in the foreseeable future

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination The amount attributed to goodwill is adjusted by the amount of deferred tax recognised

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.18 Taxation (continued)

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income)

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors Deferred tax assets and deferred tax liabilities are offset only if

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.19 Foreign currencies

Functional currency and presentation currency
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling

Transactions and balances
In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss

Translation of group companies
For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss

Goodwill arising on acquisitions is translated at the historic exchange rate on the date of the acquisition

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.20 Leasing and hire purchase commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group All other leases are classified as operating leases

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability Finance charges are deducted in measuring profit or loss Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets

Rentals payable under operating leases where substantially all the risks and rewards of ownership remain with the lessor are charged to the profit and loss account on a straight-line basis over the lease term

2.21 Product warranties

Provision is made for estimated liability costs on products still under warranty, including claims already received, and is included in provisions for liabilities and charges

2.22 Pensions

The group makes contributions to both defined contribution and defined benefit schemes

Defined benefit schemes
The group has a number of defined benefit schemes operating in Norway, Sweden, Germany and Belgium. The Norwegian and Belgian schemes are funded by contributions from the relevant companies and are held separately from those ccompanies' finances The Swedish scheme is an unfunded defined benefit scheme

Scheme assets are measured at fair values Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent it is recoverable by the group

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases rest Interest on the scheme liabilities and the expected return on scheme assets are included gross in other finance costs Actuarial losses are reported in the statement of total recognised gains and losses

Defined contribution schemes
The group also operates a number of defined contribution schemes The assets of these schemes are held separately from those of the group in independently administered funds The annual contributions payable are charged to the profit and loss account in the period which they fall due

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.23 Research and development expenditure

Research and development expenditure is written off as incurred, except development expenditure incurred on an individual project which is carried forward when its future recoverability can reasonably be regarded as assured Any expenditure carried forward is amortised in line with the expected future sales from the related project.

2.24 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

2.25 Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative

Notes to the financial statements (continued)

2 Significant judgments and estimates

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year However, the nature of estimation means that actual outcomes could differ from those estimates

The following estimates had the most significant effect on amounts recognised in the financial statements

Significant management estimates

Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets The useful economic lives and residual values are re-assessed annually They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets See note 12 for the carrying amount of the tangible assets and note 2 6 for the useful economic lives for each class of assets

Recognition of deferred tax assets
Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies

Product warranties
Management estimation is required to determine the expected liability costs on products still under warranty

Investment properties
Management estimation is required to determine the open market value of the investment properties and have assessed this valuation yearly for impairment. Management have used their knowledge of market prices to estimate the value of these properties

Significant management judgments

Bank loans
In determining the applicable accounting treatment of the bank loans management have carefully considered the key features of the loans and have concluded that they meet the 'basic' criteria as defined within FRS102 As a consequence, the bank loans are held at amortised cost

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Notes to the financial statements (continued)

4 Analysis of turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax

Turnover is attributable to the continuing activities of the group, being the manufacture and distribution of heating equipment, together with the provision of hotel services.

Origin of group turnover	2015 £'000	2014 £'000
United Kingdom	12,918	12,441
Europe	71,563	76,798
Other	3,326	4,702
	87,807	93,941

Destination of group turnover	2015 £'000	2014 £'000
United Kingdom	11,456	11,226
Europe	65,804	69,544
Other	10,547	13,171
	87,807	93,941

In the opinion of the director, disclosure of an analysis of profit and loss information by segment would be seriously prejudicial to the interests of the group.

5 Operating profit/(loss)

Consolidated operating profit/(loss) is stated after charging/ (crediting)

	2015 £'000	2014 £'000
Auditors' remuneration		
- fees payable to the company's auditor in respect of audit services	53	49
- fees payable to subsidiary auditors in respect of audit services	148	151
- fees payable to the company's auditor in respect of non-audit services	-	-
Amortisation of goodwill	90	91
Depreciation of owned assets	1,350	1,439
Impairment of investment property	262	-
Depreciation of assets held under finance leases and hire purchase contracts	288	314
Operating lease rentals		
- Land and buildings	316	169
- Plant and machinery	288	117
Cost of research and development of new products	1,991	2,452
Reorganisation costs	1,043	974
Profit on disposal of fixed assets	(40)	(38)
Total charge for pension schemes	833	843

Notes to the financial statements (continued)

6 Director and employees

Staff costs, including the director, during the year were as follows

	2015 £'000	2014 £'000
Wages and salaries	21,654	23,561
Social security costs	4,729	5,439
Other pension costs (note 26)	833	843
	27,216	29,843

The average number of persons, including the director, employed by the group during the year was

	2015 No.	2014 No
Sales, administration and distribution	385	393
Manufacturing	273	285
	658	678

Remuneration in respect of the director was as follows

	2015 £'000	2014 £'000
Emoluments (including benefits in kind)	9	9

	2015 £'000	2014 £'000
Company contributions paid to money purchase pension scheme	-	-

	2015 No.	2014 No
Members of the money purchase pension scheme	1	1

7 Interest receivable and similar income

	2015 £'000	2014 £'000
Bank deposits	283	302
Other interest	-	2
Other financial items:		
Expected return on pension schemes assets (note 26)	35	55
Exchange gains on monetary items	-	2
	318	361

Notes to the financial statements (continued)

8 Interest payable and similar charges

	2015 £'000	2014 £'000
Bank loans and overdrafts	288	363
Finance charges payable under finance leases and hire purchase contracts	21	40
Other financial charges.		
Interest on pension schemes liabilities (note 24)	**141**	197
	450	600

9 Taxation on profit on ordinary activities

(a) The taxation charge for the year is analysed below

	2015 £'000	2014 £'000
Taxation		
Corporation taxation – UK	**23**	11
Corporation taxation - foreign	**292**	272
Adjustments in respect of prior years		
- UK	**(11)**	-
- foreign	**(79)**	(28)
Current taxation	**225**	255
Deferred taxation		
Origination and reversal of timing differences	**266**	53
	491	308

The tax assessed for the period is higher than (2014 – lower than) the standard rate of corporation tax in the UK of 20 25% (2014 – 21 5%) The differences are explained below

Total taxation charge reconciliation

	2015 £	2014 £
Profit/(loss) on ordinary activities before taxation	960	(2,002)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 25% (2014 21 5%)	(194)	430
Explanation of difference:		
Nondeductible and non-taxable items	(15)	(136)
Unrelieved current losses	(318)	(740)
Adjustments in respect of prior years	90	23
Differences between UK and foreign tax rates	(54)	115
Total tax charge	(491)	(308)

Notes to the financial statements (continued)

10 Profit attributable to members of the parent company

The parent company's profit for the financial year was £1,536,000 (2014 £269,000) During the year the company paid interim dividends amounting to £75,000 (2014 £87,000) The parent company has taken advantage of the exemption under Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements

11 Intangible assets

	Goodwill on consolidation £'000	Purchased goodwill £'000	Total £'000
Cost			
At 1 January 2015 and 31 December 2015	383	525	908
Additions on acquisition (note 31)	-	1	1
At 31 December 2015	383	526	909
Amortisation			
At 1 January 2015	152	124	276
Charge for the year	38	52	90
At 31 December 2015	190	176	366
Net book value			
At 31 December 2015	**193**	**350**	**543**
At 31 December 2014	231	401	632

Amortisation of intangible fixed assets is included in administrative expenses

Notes to the financial statements (continued)

12 Tangible fixed assets

Group

	Investment property £'000	Freehold property £'000	Motor vehicles £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Artwork and antiques £'000	Total £'000
Cost							
1 January 2015	3,981	23,320	1,720	22,382	2,103	632	54,138
Additions		750	312	747	49	48	1,906
On acquisition (note 31)	-	600	-	-	100	-	700
Disposals-	-	-	(358)	(80)	-	(3)	(441)
Transfer to property held for resale	(1,362)	-	-	-	-	-	(1,362)
Exchange difference	-	(885)	13	(676)	(99)	-	(1,647)
31 December 2015	2,619	23,785	1,687	22,373	2,153	677	53,294
Depreciation and impairment							
1 January 2015	-	6,600	908	19,744	1,774	-	29,026
Charge for the year	-	417	355	813	53	-	1,638
Impairment	262	-	-	-	-	-	262
Disposals	-	-	(336)	(80)	-	-	(416)
Transfer to property held for resale	(262)	-	-	-	-	-	(262)
Exchange difference	-	(297)	7	(637)	(98)	-	(1,025)
31 December 2015	-	6,720	934	19,840	1,729	-	29,223
Net book value							
31 December 2015	**2,619**	**17,065**	**753**	**2,533**	**424**	**677**	**24,071**
31 December 2014	3,981	16,720	812	2,638	329	632	25,112

Notes to the financial statements (continued)

12 Tangible fixed assets (continued)

Investment properties wholly comprise assets held for operating leases to third parties

The director has assessed the open market value of the investment properties at 31 December 2015 and does not consider the book value of those investment properties to materially differ from their open market value, therefore a third party valuation was not performed during 2015. On a historical cost basis investment properties would have been included at a cost and net book amount of £2,619,000 (2014 £3,981,000) An impairment charge of £262,000 has been incurred in relation to a property held by Inter Mediate Group Limited which has been transferred to assets held for sale All assets held for sale have been sold post year end

Included in plant and machinery above are assets with a net book value of £452,000 (2014 £505,000) held under finance lease and hire purchase agreements Freehold land and buildings includes land, which is not depreciated, which has a book value of £2 1m (2014 £2 9m) Tangible fixed assets with a carrying value of £19 1m (2014 £18.7m) are pledged as security for the group's bank loans

13 Investments

Company	Shares in Group undertakings £'000	Loans to Group undertakings £'000	Total £'000
At valuation			
At 1 January 2015	33,209	-	33,209
Loans advanced / transferred to investments	-	1,018	1,018
Revaluation	(1,008)	(1,018)	(2,026)
At 31 December 2015	**32,201**	**-**	**32,201**

Due to the nature of the long term loans, the director views these as an investment in the group undertakings and any revaluations are therefore accounted for in line with the revaluation of investments

Notes to the financial statements (continued)

13 Investments (continued)

The company owns the entire issued share capital of the following companies (including the following principal subsidiaries of those companies)

Name and location of company	Activities
Enertech AB (Sweden*)	Manufacture and distribution of heat pumps, burners, boilers and heating equipment
Enertech Limited (UK*)	Manufacture and distribution of burners, heating equipment and spare parts
Enertech GmbH (Germany *)	Manufacture and distribution of burners, boilers and heating equipment
CTC Ferrofil A/S (Norway*)	Manufacture of stainless steel water heaters and distribution of burners, boilers and heating equipment
Saint Roch Couvin SA (Belgium*)	Manufacture and distribution of burners, boilers and heating equipment
CTC Giersch Ag (Switzerland*)	Distribution of heating equipment
Hurll Nu-way Pty Limited (Australia*)	Distribution of industrial burners, pumps, meters and blowers
InterMediate Group Limited (UK)	Intermediate holding company and property investment
Interesting Hotels Limited	Intermediate holding company
Broomco (4204) Limited (UK)	General Partner in Gaelic Investments Limited Partnership, property investment partnership
Llangoed Limited (UK*)	Hotel and hospitality services
Sudbury House Limited (UK*)	Hotel and hospitality services
Swan @ Hay Limited (UK*)	Hotel and hospitality services

*Held by subsidiary undertaking

Llangoed Limited (Company no 8101288), Sudbury House Limited (Company no 08436236 and Swan@Hay Limited (Company no 8101288) are all exempt from the requirements of an audit under section 479A of the Companies Act 2006 as Inter Rested Limited has provided these companies with a parental guarantee

By virtue of its ownership of Broomco (4204) Limited the Company has a controlling interest in Gaelic Investments Limited Partnership Therefore, the results of this entity have been included in the consolidated financial statements Gaelic Investment Limited Partnership is a property investment partnership

Current asset investments

	2015 £'000	2014 £'000
Group		
Short term investments	372	390

Current asset investments have been included at cost as the directors consider there is no material difference between cost and fair value at either 31 December 2014 or 31 December 2015

Notes to the financial statements (continued)

14 Cash and cash equivalents

	2015	2014
	£'000	£'000
Group		
Cash at bank and in hand	24,308	21,749
Bank overdrafts (note 17)	(9,259)	(8,359)
	15,049	13,390

	2015	2014
	£'000	£'000
Company		
Cash at bank and in hand	16,539	15,965

15 Stocks and work in progress

	2015	2014
	£'000	£'000
Group		
Raw materials and consumables	7,560	8,737
Work in progress	1,057	1,292
Finished goods and goods for resale	5,276	6,916
Less payments on account	-	(31)
	13,893	16,914

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The amount of stock recognised as an expense through cost of sales during the period was £50,630,000 (2014 £56,940,000)

An impairment gain of £712,700 (2014 loss of £328,800) was recognized in cost of sales against stock during the year due to slow moving and obsolete stock.

Notes to the financial statements (continued)

16 Debtors

a) Debtors due within one year

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Trade debtors	14,207	-	12,275	-
Amounts owed by group undertakings	-	-	-	148
Other debtors	538	-	544	-
Prepayments and accrued income	828	55	590	56
Deferred taxation (note 16(b))	500	-	657	-
Other taxes	-	-	-	1
Corporation tax recoverable	136	43	114	32
	16,209	98	14,180	237

Amounts owed by group undertakings are non-interest bearing and have no fixed repayment date

An impairment loss of £352,000 (2014 £375,000) was recognised against trade debtors

b) Deferred tax recognised comprises

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Capital allowances	(70)	-	15	-
Losses	134	-	154	-
Other timing differences	(67)	-	121	-
Arising on defined benefit pension scheme	366	-	367	-
	363	-	657	-

The movement in the deferred tax is analysed as follows

	Deferred tax asset £'000	Deferred tax liability (note 21) £'000	Deferred tax arising on pension scheme £'000	Total £'000
At 1 January 2015	290	-	367	657
Statement of comprehensive income movement during the year	(129)	(137)	-	(266)
Amount taken to other comprehensive income	-	-	5	5
Exchange difference	(27)	-	(6)	(33)
At 31 December 2015	134	(137)	366	363

Notes to the financial statements (continued)

16 Debtors (continued)

The split in the deferred tax is analysed as follows

	Group 2015 £'000	Group 2014 £'000
Deferred tax asset (note 16)	**500**	657
Deferred tax liability (note 21)	**(137)**	-
	363	657

17 Creditors

Amounts falling due within one year:

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Bank overdrafts (secured)	9,259	-	8,359	-
Bank loans (note 19)	1,196	-	1,552	-
Other loans (note 19)	123	-	157	-
Obligations under finance leases and hire purchase contracts (note 18)	193	-	261	-
Derivatives	12	-	4	4
Borrowings	10,783	-	10,333	-
Amounts owed to group undertakings	-	73	-	85
Trade creditors	**7,289**	-	6,658	-
Corporation tax payable	**54**	-	18	-
Other taxes and social security costs	**1,697**	**1**	1,660	-
Other creditors	**1,533**	-	586	-
Accruals and deferred income	**4,676**	**21**	4,578	18
	26,032	**95**	23,833	103

The bank overdrafts are secured by charges over the assets of Inter Rested Limited and its United Kingdom subsidiary companies and CTC Ferrofil A/S

Derivatives relate to forward foreign currency contracts Further details are included in note 22

Amounts falling due after more than one year:

Group	2015 £'000	2014 £'000
Other loans	96	231
Obligations under finance leases and hire purchase contracts (note 20)	362	345
Other creditors	66	100
	524	676

Notes to the financial statements (continued)

18 Loans

Group	2015	2014
	£'000	£'000
Amounts falling due:		
In one year or less or on demand	1,319	1,709
In more than one year but less than two years	96	130
In more than two years but not more than five years	-	101
	1,415	1,940

Loans are secured by fixed and floating charges on various assets of Saint Roch Couvin SA, a group subsidiary The loans carry interest at a commercial rate linked to local base lending rates and the majority of the loans are repayable on demand, so have been included in current liabilities.

Currently the group has loans of

- £219,000 which bears interest at a fixed rate of 3 428% and is repayable in quarterly installments with the loan due to be fully repaid on 30 September 2017
- £1,196,000 which bears interest at a fixed rate of 3 46%, based on bank base rate and a fixed margin, and is repayable by 31 March 2016

The director is satisfied that these loans meet the 'basic' measurement criteria under FRS 102

19 Obligations under finance leases and hire purchase contracts

The group's future minimum finance lease payments are as follows

	2015	2014
	£'000	£'000
Finance leases		
Group		
Amounts payable		
Within one year	**197**	271
Between one and five years	**391**	382
	588	653
Less finance charges allocated to future periods	**(33)**	(47)
	555	606
Comprising		
Current obligations	**193**	261
Non-current obligations	**362**	345
	555	606

Finance leases are secured on the assets which they finance.

Notes to the financial statements (continued)

20 Obligations under operating leases

Operating leases

The group's future minimum operating lease payments are as follows

	Land and buildings		Other	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Group				
Operating leases which expire:				
Within one year	254	262	275	228
Between two and five years	592	795	436	423
	845	1,056	711	651

21 Provisions for liabilities and charges

Group	**Deferred taxation liability £'000**	**Warranty provision £'000**	**Total £'000**
At 1 January 2015	-	2,148	2,148
Charged/released to statement of comprehensive income	137	(53)	84
Exchange difference	-	(47)	(47)
At 31 December 2015	**137**	**2,048**	**2,185**

See note 16(b) for further details of the deferred tax assets and liabilities within the group

The warranty provision is anticipated to be utilised over the various warranty terms offered ranging between one and ten years

Notes to the financial statements (continued)

22 Financial assets and liabilities

Financial assets

Financial assets measured at fair value through profit or loss	2015 £'000	2014 £'000
Forward exchange contracts	12	4
Total financial assets measured at fair value through profit or loss	12	4

Financial assets measured at amortised cost		
Short term investments	372	390
Assets held for resale	2,300	1,200
Stocks	13,893	16,914
Cash at bank and in hand	24,308	21,749
Trade debtors	14,207	12,275
Other debtors	538	544
Total financial assets measured at amortised cost	55,618	53,072

Financial liabilities	2015 £'000	2014 £'000
Financial liabilities measured at amortised cost		
Bank overdraft	9,259	8,359
Bank and other loans	1,415	1,940
Obligation under finance leases	555	606
Trade creditors	7,289	6,658
Other creditors	1,533	586
Total financial liabilities measured at amortised cost	20,051	18,149

The foreign currency forward contracts are not traded in active markets These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract.

At 31 December 2015, the group had forward exchange contracts in place to purchase at a fixed rate €50,000, $253,000, £29,000 and A$33,000 (2014 €24,000, $106,000, £48,000 and A$12,000) and to sell A$41,000 (2014 SFr70,000) at a fixed rate. The GBP forward exchange contracts are held by the overseas subsidiaries of the group All forward exchange contracts will mature within 2016 and are therefore considered to be of short maturity

There were no forward currency swaps in place at the year-end (2014 A$250,000) to sell at a fixed rate

Notes to the financial statements (continued)

23 Financial risk management

The group has exposures to the following main areas of risk – foreign currency risk, credit risk, liquidity risk, and cash flow interest rate risk.

Foreign currency risk
The transactional exposure of the group to foreign currency exchange rates is largely naturally hedged as most sales and purchases are made in Euros or in currencies closely linked to the Euro Where foreign exchange risks do exist, it is the policy of the group to forecast the flows over a six month period and to hedge approximately half of the forecast exposure using forward exchange contracts This policy limits the downside risk whilst allowing opportunity to benefit should rates move in the group's favour

The majority of the group's assets are held in currencies other than sterling The group does not hedge its balance sheet exposure to currency fluctuations It is the policy of the group to borrow funds in local currency and to minimise the distributable reserves of foreign subsidiaries in order to maximise the hedging effect of local borrowings

Credit risk
Group companies grant trade credit to customers in the normal course of business Prior to granting credit, investigations are made to determine the creditworthiness of customers and to establish credit limits and payment terms The customer base of the group is large and diverse and generally of high quality The group is not exposed to any single customer whose failure would give rise to any cash flow difficulty for the group Customer balances are closely monitored and a hierarchy of procedures are applied to pursue collection where it is delayed The group has a prudent approach to the provision for bad and doubtful debts Trade debtors are presented in the balance sheet net of bad and doubtful debt provisions

Liquidity risk
At the year end, cash balances totalled £24 3m (2014 £21 7m) In addition, the group has access to bank facilities currently not utilised. Accordingly, the group has considerable flexibility to meet future funding needs

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and backed by government support.

Cash flow interest rate risk
The group has borrowings, cash deposits and short term investments on which it pays and receives interest at market related rates The group does not hedge interest rate risk. Borrowings are largely used to create foreign currency hedges Interest rates and borrowing positions are reviewed regularly and positions are adjusted as circumstances dictate The financial position of the group ensures that there will be no material adverse effect on the performance of the group through interest rate and borrowing changes

24 Share capital

	2015	2014
	£	£
Authorised		
Ordinary shares of £1 each	**100,000**	100,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	**80,000**	80,000

Notes to the financial statements (continued)

25 Reserves

Called-up share capital – represents the nominal value of shares that have been issued

Capital redemption reserve – represents amounts historically transferred upon the redemption or purchase of the company's own shares

Profit and loss account – includes all current and prior period retained profits and losses It also includes translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling

26 Pensions

The group operates both defined benefit and defined contribution pension schemes Amounts charged to the statement of comprehensive income in respect of these schemes during the period were

	2015	2014
Group	**£'000**	£'000
Defined benefit pension schemes		
Current service cost	**216**	242
Net interest cost	**106**	142
Total charge for defined benefit pension schemes	**322**	384
Defined contribution pension schemes	**511**	459
	833	843

Amounts recognised in other comprehensive income in respect of these schemes during the period were

	2015	2014
Group	**£'000**	£'000
Defined benefit pension schemes		
Actuarial gains/(losses)	**48**	(643)
Total amounts recognised in other comprehensive income	**48**	(643)

Defined contribution pension schemes

The group operates a number of defined contribution pension schemes for the benefit of certain employees and directors The assets of these schemes are administered by trustees in funds independent from those of the group The amount paid to the schemes during the year was £511,000 (2014· £459,000) The outstanding contributions at the balance sheet date were £96,000 (2014 £66,000)

Defined benefit pension schemes

Defined benefit pension schemes are operated in Norway, Sweden, Germany and Belgium Final benefits are related to final salaries and years of service In Sweden, pension obligations are un-funded. In Norway, contributions are made to state regulated funds In Belgium, the pension is a small funded scheme

Provision is made in the accounts for pension obligations on the basis of independent actuarial advice Benefits are calculated on an equivalent projected unit method. The principal assumptions made in determining the liabilities of the schemes are Base pension amount increases 2 25% - 2 5% (2014 2 5% - 3%), pension in payment increases 0 1- 2 0%(2014 1 75% - 2 0%), discount rate 1 9% - 2 5% (2014 1 75% - 4%)

Notes to the financial statements (continued)

26 Pensions (continued)

Plan assets were valued at their market value at 31 December 2015 by independent actuaries The yield on such assets is expected to be 2 25% - 2 5% (2014· 1 75% - 3 2%) The actual yield in 2015 was 0 7% - 1 9% (2014 4 4% - 42 6%) Contributions are managed by insurance companies and invested in consolidated funds The investment portfolio of the funds at 31 December 2015 was split as follows: Bonds 36%, shares 5%, property 11%, deferred annuities 25% (2014 Bonds 37%, shares 6%, property 11%, deferred annuities 23%)

Sundry individual arrangements exist in other territories, none of which are considered sufficiently material to merit individual disclosure

The group expects to contribute £82,000 to its defined benefit pension plans in 2016

The amounts recognised in the balance sheet are as follows

Group	2015 £'000	2014 £'000
Fair value of scheme assets	1,578	1,678
Present value of scheme liabilities	(5,790)	(5,894)
Deficit at 31 December	(4,212)	(4,216)

Movement in net scheme obligations during the year	**2015** **£'000**
Defined benefit obligations at start of year	**(4,216)**
Interest expense	**(322)**
Contributions paid by plan participants	**75**
Benefits paid	**87**
Actuarial gain - changes in actuarial assumptions	**48**
Exchange difference	**116**
Defined benefit obligation at end of year	(4,212)

Movement in fair value of scheme assets during the year	2015 £'000
Fair value of plan assets at start of year	1,678
Interest income	35
Actuarial (losses) and gains	(9)
Contributions paid by the group	75
Contributions paid by plan participants	5
Benefits paid	(45)
Exchange difference	(161)
Fair value of plan assets at end of year	1,578
Actual return on plan assets	26

Notes to the financial statements (continued)

27 Contingent liabilities

Group
At 31 December 2015, the group had entered into performance bonds and guarantees totalling £48,000 (2014 £193,000)

Company
The company is party, together with its UK subsidiary companies, to a cross guarantee in favour of Lloyds TSB Bank plc. At 31 December 2015, the contingent liability under this arrangement was £8,504,000 (2014 £7,769,000).

The company has guaranteed the obligations of its Swedish subsidiary company, Enertech AB, to make pension payments under that company's defined benefit pension plans At 31 December 2015, the total value of the pension liabilities of that subsidiary amounted to £3,366,000 (2014 £3,204,000)

28 Capital commitments

There were no capital commitments at 31 December 2015 and 31 December 2014

29 Related party transactions

Although the entity is exempt from the requirement to disclose transactions with wholly owned subsidiaries under the terms of Financial Reporting Standard 102 Section 33 'Related Party Disclosures', the company must disclose key management compensation The total key management compensation paid during the year was £1,752,000 (2014 £1,457,000)

30 Ultimate controlling party

The Company is controlled by Roger Hancox, a director of the Company, by virtue of owning 100% of the ordinary share capital

31 Acquisition

In September 2015 the group acquired the trade and assets of the Swan Hotel at Hay on Wye, for a total cash consideration of £701,000 The book and fair value of the assets acquired totalled £700,000 and consisted mainly of property, plant and equipment Goodwill of £1,000 arose as a consequence of the transaction The hotel property was acquired by InterMediate Group at a book and fair value of £600,000 and the hotel business and other associated assets were acquired by The Swan@Hay Limited, another subsidiary of the group The Swan@Hay Limited was incorporated on 12 May 2015 and has no pre-acquisition trading The results of both subsidiaries are included in these consolidated accounts

32 Post balance sheet events

Post year end, the properties held for sale were sold for proceeds of £6 1m

Notes to the financial statements (continued)

33 First time adoption of FRS 102

Group	As previously stated 1 January 2014 £'000	Effect of transition 1 January 2014 £'000	FRS 102 (as restated) 1 January 2014 £'000	As previously stated 31 December 2014 £'000	Effect of transition 31 December 2014 £'000	**FRS 102 (as restated) 31 December 2014 £'000**
Fixed assets	27,191	-	27,191	25,744	-	**25,744**
Investment in joint ventures						
Current assets	64,050	296	64,346	54,066	367	**54,433**
Creditors amounts falling due within one year	(28,338)	(1)	(28,339)	(23,829)	(4)	**(23,833)**
Net current assets	35,712	295	36,007	30,237	363	**30,600**
Total assets less current liabilities	62,903	295	63,198	55,981	363	56,344
Creditors amounts falling due after more than one year	(1,716)	-	(1,716)	(676)	-	(676)
Provisions for liabilities and charges	(2,639)	-	(2,639)	(2,148)	-	**(2,148)**
Pension liability	(3,616)	(277)	(3,893)	(3,849)	(367)	**(4,216)**
Net assets	54,932	18	54,950	49,308	(4)	**49,304**
Capital and reserves	54,932	18	54,950	49,308	(4)	**49,304**

Notes to the financial statements (continued)

33 First time adoption of FRS 102 (continued)

Group	As previously stated 31 December 2014 £'000	Effect of transition 31 December 2014 £'000	**FRS102 (as restated) 31 December 2014 £'000**
Turnover	93,941	-	**93,941**
Cost of sales	(60,349)	(22)	**(60,371)**
	33,592	(22)	**33,570**
Distribution expenses	(14,694)	-	**(14,694)**
Administrative expenses	(21,202)	-	**(21,202)**
Other operating income	563	-	**563**
Operating profit/(loss)	(1,741)	(22)	**(1,763)**
Interest receivable	361	-	**361**
Interest payable and similar charges	(600)	-	**(600)**
Taxation	(308)	-	**(308)**
Profit/(loss) on ordinary activities after taxation and for the financial year	(2,288)	(22)	**(2,310)**

Explanation of changes to previously reported net assets and loss for the financial year

1 On transition to FRS 102, the forward currency swaps and forward exchange contracts are required to be held at fair value Adjustments were processed to the opening and closing 2014 position

2. On transition to FRS 102 a reclassification adjustment was processed relating to the deferred tax asset previously offset against the defined benefit pension liability Under FRS 102 this should be separately presented with deferred tax assets and disclosed as part of debtors Adjustments were processed to the opening and closing 2014 position

Company

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss

No transition adjustments were required on the company adopting FRS102 for the period ended 31 December 2015 Therefore restated financial statements have not been presented, as no restatement was required from the comparative financial statements presented in the primary statements