

# Glen Electric Limited

Directors' report and consolidated financial  
statements

**Year ended 30 September 2019**

***Registered number: NI 009677***



## Directors' report and consolidated financial statements

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# Glen Electric Limited

NI 009677

## Directors and other information

### Directors

M. Maher  
F. Naughton  
D. Flynn

### Secretary

F. Naughton

### Registered office

Rampart Road  
Greenbank Industrial Estate  
Warrenpoint Road  
Newry  
Co. Down  
BT34 2QU

### Auditor

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

### Bankers

Allied Irish Banks plc  
Commerzbank AG  
HSBC Bank plc  
KBC Bank Ireland plc  
Royal Bank of Scotland plc

### Solicitors

Gordons  
Riverside West  
Whitehall Road  
Leeds  
LS1 4AW

## Group strategic report

### Introduction

This strategic report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Glen Electric Limited ("the Group").

### Principal activity

The principal activity of the Group is the manufacture and sale of heating, renewable energy, cooking, cooling and other domestic appliances. The Group's results cover the twelve months to 30 September 2019, whereas the prior year covers an eighteen month period. Turnover for the year amounted to £742.1 million (2018: £1,175.4 million).

The current trading environment in which the Group operates is challenging, in particular in the UK, as the UK is in the transition period of leaving the EU. The Group has engaged in Brexit planning, although the Group believes the risks from Brexit are manageable in the medium-term, the future challenges associated with a no deal exit remain unclear.

In such a challenging trading environment the Group has seen a fall in the current year Operating Profit primarily due to poor performance in the UK consumer appliance division and the underperformance of certain key components. Operating loss for the year amounted to £8.4 million (2018: profit of £11.5 million).

The Group has made a number of strategic decisions in order to negate the challenges it faces. A restructuring of the Group was commenced in the prior period. In addition, the Group has made an increased investment in stock to minimise risk of potential procurement delays in relation to Brexit and to ensure enough stock is on hand to meet customer demands for specific items.

### Principal risks and uncertainties

The Group 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 Group has significant foreign currency exposures, which are not naturally hedged, such as euro, US dollars and yen, and is thus exposed to fluctuations in exchange rates; and
- General economic risk – the Group is exposed to general economic risk, including changes in the economic outlook in its principal markets and government changes in industrial, fiscal, monetary or regulatory policies. In particular, there is significant uncertainty regarding the UK economy following the Brexit vote.

The Group has a long and successful track record of managing these risks. The Group's financial risk management policies are outlined in note 18.

Group strategic report *(continued)*

**Key performance indicators**

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, including acquisitions.

The directors will continue to develop the principal activities of the Group and to identify areas with further growth potential and acquisitions, which would increase shareholder value.

On behalf of the board



D. Flynn  
Director

18 May

2020

## Directors' report

The directors have pleasure in submitting their directors' report together with the financial statements of the Company and the Group for the year ended 30 September 2019.

### Results, dividends and state of affairs

The consolidated statement of profit and loss account for the year ended 30 September 2019 is set out on page 9. The loss before interest and non-trading items amounted to £8.4 million (2018: *profit of £11.5 million*). Non-trading items include donations for educational purposes of £0.02 million (2018: *£1.6 million*). The loss for the year before taxation amounted to £14.6 million (2018: *£1.2million*). The consolidated balance sheet at 30 September 2019 is set out on page 12. There was a decrease in net assets of £34.5 million in the period resulting in net assets of £315.4 million at 30 September 2019 (2018: *£349.9 million*). Dividends of £5.0 million (2018: *£23.9million*) were paid during the year. Shareholder's funds at 30 September 2019 amounted to £270.8 million (2018: *£305.7 million*), a decrease of £34.9 million.

### Research and development

The Group is engaged in ongoing research and development work in order to improve its product range and to increase its market share.

### 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 Group's and Parent 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. The Group consists of trading entities operating in a number of different geographical and segment markets. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. As a consequence, the directors believe that the Group 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 Group has adequate resources to continue in operational existence for the foreseeable future.

### Directors and secretary

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

M. Maher  
F. Naughton (director and secretary)  
D. Flynn

### Subsidiary companies

The information required by the Companies Act 2006 in relation to subsidiary companies is given in note 27.

## Directors' report *(continued)*

### **Disabled employees**

Applications for employment by disabled persons are 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 with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee consultation**

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

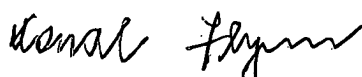
### **Disclosure of information to auditor**

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 Group statutory 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 Group statutory auditor is aware of that information.

### **Auditor**

In accordance with Section 487 of the Companies Act 2006, the auditor, KPMG, Chartered Accountants, will be deemed to be reappointed and therefore will continue in office.

By order of the board

  
D. Flynn  
Director

18 May 2020

Rampart Road  
Greenbank Industrial  
Estate  
Warrenpoint Road  
Newry  
Co. Down  
BT34 2QU

## 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 Group and Company financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* as applied in accordance with the provisions of Companies Act 2006.

Under Company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company 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 Group and 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 Group or 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 its 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 Group 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 Electric Limited

**Report on the audit of the financial statements**

**Opinion**

-- We have audited the Group and Company financial statements of Glen Electric Limited ("the Company") for the year ended 30 September 2019 set out on pages 10 to 56, which comprise the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated and company balance sheet, the consolidated and company statement of changes in equity, the consolidated cash flow statement 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 financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements 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 Group 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 Group or the Company or to cease their operations, and as they have concluded that the Group and 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 their 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 Group or the Company will continue in operation.



## Independent auditor's report to the members of Glen Electric 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

#### **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 6, 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 Group and Parent 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 Group and Parent Company or to cease operations, or have no realistic alternative but to do so.



## Independent auditor's report to the members of Glen Electric Limited *(continued)*

### **Respective responsibilities and restrictions on use *(continued)***

#### ***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](http://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.

18 May 2020

Roger Gillespie (**Senior Statutory Auditor**)  
**for and on behalf of KPMG, Statutory Auditor**  
Chartered Accountants  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

**Consolidated statement of profit and loss account**  
*for the year ended 30 September 2019*

	<i>Note</i>	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
<b>Turnover</b>	2	742,074	1,175,559
Cost of sales		(536,833)	(839,665)
		<hr/>	<hr/>
<b>Gross profit</b>		205,241	335,894
Operating expenses, net	3	(212,338)	(322,694)
Goodwill amortisation		(1,281)	(1,684)
		<hr/>	<hr/>
<b>(Loss)/profit before interest and non-trading items</b>		(8,378)	11,516
		<hr/>	<hr/>
Profit on disposal of fixed assets		1,725	8,007
Gain on assets carried at fair value		-	1,578
Non-trading items	4	(8,007)	(19,854)
Interest and other finance costs, net	5	66	(2,474)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	6	(14,594)	(1,227)
Tax on loss on ordinary activities	7	337	(4,824)
		<hr/>	<hr/>
<b>Loss for the financial year/period</b>		(14,257)	(6,051)
		<hr/>	<hr/>
<b>Loss attributable to:</b>			
Equity holders of the Company		(15,546)	(8,505)
Non-controlling interests		1,289	2,454
		<hr/>	<hr/>
<b>Loss for the financial year/period</b>		(14,257)	(6,051)
		<hr/>	<hr/>

**Consolidated statement of comprehensive income**  
for the year 30 September 2019

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
<b>Loss for the financial year/period</b>	(14,257)	(6,051)
<b>Other comprehensive income</b>		
Foreign exchange differences on translation of foreign operations	1,320	4,653
Remeasurement of defined retirement benefit obligations	(18,970)	11,689
	(17,650)	16,342
Tax relating to components of other comprehensive income	3,225	(1,881)
<b>Other comprehensive (expense)/income for the year/period, net of income tax</b>	(14,425)	14,461
<b>Total comprehensive (expense)/income for the year/period</b>	(28,682)	8,410
<b>(Loss)/profit attributable to:</b>		
Equity holders of the Company	(29,996)	4,411
Non-controlling interests	1,314	3,999
<b>Total comprehensive (expense)/income for the year/period</b>	(28,682)	8,410

# Glen Electric Limited

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## Consolidated balance sheet as at 30 September 2019

	Note	30 September 2019 £'000	30 September 2018 £'000
<b>Fixed assets</b>			
Goodwill	9	7,607	8,888
Tangible assets	10	106,375	103,984
Financial assets	11	13,983	16,013
		<hr/>	<hr/>
		127,965	128,885
<b>Current assets</b>			
Inventories	12	220,909	205,607
Debtors	13	180,118	185,342
Derivative financial instruments	18	4,608	3,199
Cash at bank and in hand	14	145,730	168,657
		<hr/>	<hr/>
		551,365	562,805
<b>Creditors: amounts falling due within one year</b>	15	(208,251)	(203,485)
Derivative financial instruments	18	(37)	(906)
		<hr/>	<hr/>
<b>Net current assets</b>		343,077	358,414
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		471,042	487,299
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	16	(74,095)	(73,106)
Deferred grants	19	(1,200)	(1,323)
Provision for liabilities	20	(20,550)	(22,747)
		<hr/>	<hr/>
<b>Net assets before retirement benefit obligations</b>		375,197	390,123
Retirement benefit obligations	26	(59,843)	(40,197)
		<hr/>	<hr/>
<b>Net assets</b>		315,354	349,926
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	22	536	536
Profit and loss account		270,220	305,191
		<hr/>	<hr/>
<b>Shareholder's funds</b>		270,756	305,727
Non-controlling interests		44,598	44,199
		<hr/>	<hr/>
		315,354	349,926
		<hr/>	<hr/>

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

# Glen Electric Limited

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## Company balance sheet as at 30 September 2019

	Note	30 September 2019 £'000	30 September 2018 £'000
<b>Fixed assets</b>			
Financial assets	11	105,355	123,687
		<hr/>	<hr/>
		105,355	123,687
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	13	77,249	55,414
Cash at bank and in hand	14	1,602	3,121
		<hr/>	<hr/>
		78,851	58,535
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	15	(126,207)	(130,230)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(47,356)	(71,695)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		57,999	51,992
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	16	(10,063)	(10,064)
		<hr/>	<hr/>
<b>Net assets</b>		47,936	41,928
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	22	536	536
Profit and loss account		47,400	41,392
		<hr/>	<hr/>
<b>Shareholder's funds</b>		47,936	41,928
		<hr/>	<hr/>

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

On behalf of the board



D. Flynn  
Director

18 May 2020

# Glen Electric Limited

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## Consolidated statement of changes in equity for the year ended 30 September 2019

### Group

	Called up share capital £'000	Profit and loss account £'000	Total £'000	Non- controlling interests £'000	Total equity £'000
<b>Balance at 1 April 2017</b>	536	324,663	325,199	43,125	368,324
<b>Total comprehensive income for the period</b>					
Loss for the period	-	(8,505)	(8,505)	2,454	(6,051)
Other comprehensive income (note 28)	-	12,916	12,916	1,545	14,461
Total comprehensive income for the period	-	4,411	4,411	3,999	8,410
<b>Transactions with owners, recorded directly in equity</b>					
Dividends	-	(23,883)	(23,883)	(2,925)	(26,808)
<b>Balance at 30 September 2018</b>	536	305,191	305,727	44,199	349,926



# Glen Electric Limited

NI 009677

## Consolidated statement of changes in equity (continued)

Group	Called up share capital £'000	Profit and loss account £'000	Total £'000	Non- controlling interests £'000	Total equity £'000
<b>Balance at 1 October 2018</b>	536	305,191	305,727	44,199	349,926
<b>Total comprehensive expense for the year</b>					
Loss for the year	-	(15,546)	(15,546)	1,289	(14,257)
Other comprehensive expense (note 28)	-	(14,425)	(14,425)	25	(14,400)
Total comprehensive expense for the year	-	(29,971)	(29,971)	1,314	(28,657)
<b>Transactions with owners, recorded directly in equity</b>					
Dividends	-	(5,000)	(5,000)	(915)	(5,915)
<b>Balance at 30 September 2019</b>	536	270,220	270,756	44,598	315,354

**Company statement of changes in equity**  
*for the year ended 30 September 2019*

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 April 2017</b>	536	38,462	38,998
<b>Total comprehensive income for the period</b>			
Profit for the period	-	26,813	26,813
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	26,813	26,813
	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	(23,883)	(23,883)
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2018</b>	536	41,392	41,928
	<hr/>	<hr/>	<hr/>
Balance at 1 October 2018	536	41,392	41,928
<b>Total comprehensive income for the year</b>			
Profit for the year	-	11,008	11,008
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	11,008	11,008
	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	(5,000)	(5,000)
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2019</b>	536	47,400	47,936
	<hr/>	<hr/>	<hr/>

**Consolidated cash flow statement**  
*for the year ended 30 September 2019*

	Year ended <del>2019</del> 2019 £'000	period ended <del>2018</del> 2018 £'000
<b>Cash flows from operating activities</b>		
Loss for the year/period	(14,257)	(6,051)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	17,639	26,457
Foreign exchange gains	1,016	3,520
Finance cost, net	2,167	4,418
(Gain)/loss on sale of tangible fixed assets	(1,725)	(8,007)
Gain on assets carried at fair value	-	(1,578)
Retirement benefit contribution paid less amount charged to profit and loss account	(366)	(9,747)
Derivative financial instruments recognised in profit	(2,278)	(1,538)
Income tax expense	(337)	4,393
	<hr/> 1,859	<hr/> 11,867
Decrease in trade and other debtors	10,855	5,274
Increase in inventories	(15,302)	(27,708)
(Decrease)/Increase in trade and other creditors	(14,887)	7,448
Increase/(decrease) in amounts owed to other Group companies	20,777	(20,248)
	<hr/> 3,302	<hr/> (23,367)
Tax paid	(1,867)	(9,516)
<b>Net cash from/used in operating activities</b>	<hr/> 1,435	<hr/> (32,883)
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible fixed assets	4,327	13,869
Interest received	1,086	1,428
Acquisition of tangible fixed assets	(19,354)	(30,962)
Proceeds from disposal of investments	1,987	-
<b>Net cash used in investing activities</b>	<hr/> (11,954)	<hr/> (15,665)

Consolidated cash flow statement *(continued)*

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
<b>Cash flows from financing activities</b>		
Interest paid	(2,266)	(3,639)
Repayment in borrowings	(3,395)	(3,501)
Payment of finance lease liabilities	(1,208)	(2,020)
Amounts borrowed from Group companies greater than one year	376	1,271
Dividends paid	(5,000)	(23,883)
Dividends paid to non-controlling interests	(915)	(2,925)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(12,408)	(34,697)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(22,927)	(83,245)
Cash and cash equivalents at beginning of year/period	168,657	251,902
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year/period</b>	145,730	168,657
	<hr/>	<hr/>

## Notes

*forming part of the consolidated financial statements*

### 1 Accounting policies

Glen Electric Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in Northern Ireland. The registered number is NI 009677 and the registered address is Rampart Road, Greenbank Industrial Estate, Warrenpoint Road, Newry, Co. Down, BT34 2QU.

These Group and holding undertaking 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 STG£. All amounts in the financial statements have been rounded to the nearest £1,000, unless otherwise stated.

The Group is a subsidiary undertaking of Glen Dimplex Europe Holdings, a company incorporated in the Republic of Ireland. The Group's results and financial position are included in the consolidated financial statements 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; and
- Key management personnel compensation

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 29.

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

#### 1.1 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.

#### 1.2 Going concern

The Group and Company has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group and Company is well placed to manage its business risks. The directors have a reasonable expectation that the Group and 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)*****1.3 Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2019. A subsidiary is an entity that is controlled by the holding undertaking. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where a group company is party to a joint venture which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

In the holding undertaking financial statements, investments in subsidiaries are carried at cost less impairment.

**1.4 Foreign currency**

Transactions in foreign currencies are translated to the Group'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.

The assets and liabilities of foreign operations, are translated to the Group's presentational currency, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

## Notes (continued)

**1 Accounting policies (continued)****1.5 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.

***Interest-bearing borrowings classified as basic financial instruments***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

***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.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**1.6 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 as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- 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).

## Notes (continued)

**1 Accounting policies (continued)****1.6 Other financial instruments (continued)****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.

**Net investment hedges**

Where the hedged item is the translation risk for the net assets of overseas subsidiaries in the consolidated financial statements, the Group may designate borrowings in the same currency as that overseas subsidiary's functional currency as a hedging instrument. In that case, the effective portion of the hedge is recognised in other comprehensive income, and only the ineffective portion of the hedging item's translation value is recorded in profit or loss.

Cumulative exchange differences recognised in other comprehensive income relating to a hedge of a net investment in a foreign operation shall not be reclassified to profit or loss on disposal or partial disposal of that foreign operation.

**1.7 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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 at 1.16 below.

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



Notes *(continued)***1 Accounting policies *(continued)*****1.7 Tangible fixed assets *(continued)***

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life. The useful lives currently used are as follows:

	<b>Years</b>
Buildings	25
Plant and machinery	5 - 10
Tooling	2 - 4
Computers and office equipment	3 - 10
Motor vehicles	4

**1.8 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.

At the acquisition date, the Group 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.

**1.9 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.

Notes *(continued)***1 Accounting policies *(continued)*****1.9 Goodwill *(continued)******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 Group reviews the amortisation period 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.

**1.10 Government grants**

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

**1.11 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 stock on hand less all further costs to completion and all costs expected to be incurred in marketing, selling and distribution.

**1.12 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)*****1.12 Impairment *(continued)******Non-financial assets***

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or of it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**1.13 Employee benefits**

The Group provides pensions to certain 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 Group 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 periods during which services are rendered by employees.

## Notes (continued)

## 1 Accounting policies (continued)

## 1.13 Employee benefits (continued)

**Defined benefit plans**

The Group operates a number of defined benefit pension plans. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group'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 periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period 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 Group's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Group 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 period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

**1.14 Provisions**

A provision is recognised in the balance sheet when the Group 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 holding undertaking 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.

**1.15 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.

**1.16 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.

## Notes (continued)

**1 Accounting policies (continued)****1.16 Expenses (continued)*****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 period 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 periods 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.

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.

**1.17 Research and development**

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

**1.18 Taxation**

Tax on the profit or loss for the period 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 period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods 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.

## Notes (continued)

## 1 Accounting policies (continued)

## 1.18 Taxation (continued)

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 Turnover

All sales are of heating, renewable energy, cooking, cooling and other domestic appliances. Sales by geographical area are as follows:

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
European Union	570,470	917,708
Rest of Europe	30,503	46,587
North America	99,803	136,985
Rest of the World	41,298	74,279
	<hr/>	<hr/>
	742,074	1,175,559
	<hr/>	<hr/>

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

## Notes (continued)

**3 Operating expenses, net**

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
Administration expenses	61,588	89,319
Selling and distribution costs	125,609	199,295
Research costs, net of grants	24,105	38,570
Other operating expenses, net	1,036	(4,490)
	<hr/>	<hr/>
	212,338	322,694
	<hr/>	<hr/>

**4 Non-trading items**

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
Restructuring costs	5,104	18,300
Guaranteed minimum pension equalisation	2,889	-
Donations for educational purposes	14	1,554
	<hr/>	<hr/>
	8,007	19,854
	<hr/>	<hr/>

**5 Interest and other finance costs, net**

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
<b>(i) Interest, net</b>		
Interest receivable and similar income	1,140	1,307
Finance lease interest	(84)	(142)
Interest payable on bank loans, overdrafts and other loans, repayable within 5 years, other than by instalments	(2,182)	(3,497)
	<hr/>	<hr/>
	(1,126)	(2,332)
	<hr/>	<hr/>

## Notes (continued)

**5 Interest and other finance costs, net (continued)**

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
<b>(ii) Other finance costs</b>		
Interest on defined retirement benefit scheme liabilities (note 25)	(1,041)	(2,086)
Foreign exchange on financial instruments	(50)	516
Fair value movement on forward foreign exchange contracts	2,283	1,428
	<hr/>	<hr/>
Net interest on net retirement benefit obligations	1,192	(142)
	<hr/>	<hr/>
Interest and other finance costs, net	66	(2,474)
	<hr/>	<hr/>

**6 Statutory and other information**

Loss on ordinary activities before taxation is stated after charging:

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
Directors' emoluments for management services (including pension contributions)	-	-
Auditor's remuneration		1,259
Operating lease rentals:		
- land and buildings	2,478	3,872
- other, principally plant, machinery and motor vehicles	1,024	1,349
Depreciation	16,554	25,129
Amortisation of goodwill and deferred grants, net	1,085	1,328
	<hr/>	<hr/>



## Notes (continued)

## 6 Statutory and other information (continued)

During the year, the Group (including its overseas subsidiaries) obtained the following services from KPMG, the Group's auditor:

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
Audit services	850	768
Other non-audit services, principally comprising of tax compliance and advisory services	- 459	10 481
	<u>1,309</u>	<u>1,259</u>

The Company has taken advantage of the exemption in the Companies Act 2006, and accordingly does not present its own profit and loss account. The profit for the financial period, before dividends paid, dealt with in the accounts of the Company was £11.0 million (2018: £26.8 million).

**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	-	-

## 7 Tax on loss on ordinary activities

	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
UK corporation tax at 19%	42	(147)
Foreign corporation tax	2,573	5,411
Adjustment in respect of prior periods/years	(464)	(80)
	<u>2,151</u>	<u>5,184</u>
Current tax charge for the year/period	2,151	5,184
Deferred taxation (note 21)	(2,488)	(360)
	<u>(337)</u>	<u>4,824</u>
<b>Total tax (credit)/charge for the year/period</b>	<b>(337)</b>	<b>4,824</b>

## Notes (continued)

**7 Tax on loss on ordinary activities (continued)**

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

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
Loss on ordinary activities before tax	(14,594)	(1,227)
Group loss on ordinary activities at average standard corporation tax rate of 12% (2018: 26%) (a)	(1,751)	(319)
<i>Effects of:</i>		
Items not subject to tax	394	324
Net utilisation of tax losses	2,742	3,130
R&D tax credits	(338)	(624)
Adjustment in respect of prior years	(464)	(80)
Other, net	(920)	2,393
<b>Group total tax charge for the year/period</b>	<b>(337)</b>	<b>4,824</b>

(a) The average standard corporation tax rate used for this reconciliation is the weighted average standard corporation tax rate for the jurisdictions in which the Group has operations.

**8 Dividends**

	<b>Year ended 30 September 2019 £'000</b>	<b>18 month period ended 30 September 2018 £'000</b>
Dividends paid	5,000	23,883

## Notes (continued)

<b>9 Goodwill</b>	<b>Cost £'000</b>	<b>Amortisation £'000</b>	<b>Net £'000</b>
Opening – 1 October 2018	86,859	(77,971)	8,888
Charge for the year	-	(1,281)	(1,281)
	<hr/>	<hr/>	<hr/>
<b>Closing – 30 September 2019</b>	<b>86,859</b>	<b>(79,252)</b>	<b>7,607</b>
	<hr/>	<hr/>	<hr/>
Opening – 1 April 2017	88,379	(76,300)	12,079
Revision to carrying value	(1,500)	-	(1,500)
Charge for the period	-	(1,684)	(1,684)
Translation adjustments	(20)	13	(7)
	<hr/>	<hr/>	<hr/>
<b>Closing – 30 September 2018</b>	<b>86,859</b>	<b>(77,971)</b>	<b>8,888</b>
	<hr/>	<hr/>	<hr/>

<b>10 Tangible assets</b>						
<b>Group</b>	<b>Land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Tooling £'000</b>	<b>Computer and office equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At beginning of year	123,556	129,263	60,657	56,624	9,923	380,023
Additions	7,100	7,715	864	3,039	2,383	21,101
Reclassifications	2,260	(3,702)	(1,232)	2,674	(40)	(40)
Disposals/retirements	(2,012)	(2,138)	(5,747)	(5,858)	(2,534)	(18,289)
Translation adjustments	543	296	6	309	6	1,160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>131,447</b>	<b>131,434</b>	<b>54,548</b>	<b>56,788</b>	<b>9,738</b>	<b>383,955</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>						
At beginning of year	66,621	106,032	53,161	44,530	5,695	276,039
Charge for year	3,399	4,657	2,822	4,253	1,423	16,554
Reclassifications	(187)	-	(1,232)	1,386	(20)	(53)
Disposals/retirements	(518)	(1,964)	(5,676)	(5,649)	(1,959)	(15,766)
Translation adjustments	335	215	(6)	255	7	806
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>69,650</b>	<b>108,940</b>	<b>49,069</b>	<b>44,775</b>	<b>5,146</b>	<b>277,580</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>						
<b>At 30 September 2019</b>	<b>61,797</b>	<b>22,494</b>	<b>5,479</b>	<b>12,013</b>	<b>4,592</b>	<b>106,375</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2018</b>	<b>56,935</b>	<b>23,231</b>	<b>7,496</b>	<b>12,094</b>	<b>4,228</b>	<b>103,984</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

## 10 Tangible assets (continued)

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	5,171	3,318
Depreciation charge for year/period	1,607	1,763

## 11 Financial assets

	Group		Company	
	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000	Year ended 30 September 2019 £'000	18 month period ended 30 September 2018 £'000
<i>Investments in subsidiaries at cost:</i>				
Opening	-	-	107,674	109,174
Disposals	-	-	-	(1,500)
Additions	-	-	-	-
Impairment	-	-	(16,296)	-
<b>Closing</b>	-	-	91,378	107,674
<i>Assets at fair value through profit or loss:</i>				
Opening	16,013	13,919	16,013	13,919
Additions and other movements	-	516	-	516
Disposal	(1,987)	-	(1,987)	-
Fair value (loss)/gain	(43)	1,578	(49)	1,578
<b>Closing</b>	13,983	16,013	13,977	16,013
<b>Total – 30 September</b>	13,983	16,013	105,355	123,687

The Group has invested in an Irish Property fund which has been accounted for at fair value.

In the prior period as part of the finalisation of the acquisition of a subsidiary, deferred consideration of £1.5 million was released.

The information required by the Companies Act 2006 in relation to subsidiary companies is given in note 28.

## Notes (continued)

## 12 Inventories

	Group	
	30 September 2019 £'000	30 September 2018 £'000
Raw materials	57,686	53,363
Work in progress	11,889	12,045
Finished goods	151,334	140,199
	<u>220,909</u>	<u>205,607</u>

The replacement cost of inventories did not differ significantly from the amounts shown above. Inventories are stated net of a provision for impairment of £16.5 million (2018: £17.1 million).

## 13 Debtors

	Group		Company	
	30 September 2019 £'000	30 September 2018 £'000	30 September 2019 £'000	30 September 2018 £'000
Trade debtors (a)	136,834	146,272	-	-
Prepayments and other debtors	10,762	9,282	6	6
Corporation tax	7,282	7,566	-	-
VAT receivable	292	3,274	-	-
Deferred tax (note 21), substantially all of which falls due after one year	18,772	12,920	-	-
Amounts owed from subsidiaries (b)	-	-	47,168	43,042
Amounts owed from other Group companies (b)	6,176	6,028	30,075	12,366
	<u>180,118</u>	<u>185,342</u>	<u>77,249</u>	<u>55,414</u>

(a) Trade debtors are stated net of a provision for impairment of £1.7 million (2018: £1.8 million).

(b) Amounts owed from subsidiaries and from other Group companies are unsecured, interest free, and have no fixed repayment dates.

## 14 Cash at bank and in hand

	Group		Company	
	30 September 2019 £'000	30 September 2018 £'000	30 September 2019 £'000	30 September 2018 £'000
Cash at bank and in hand	145,730	168,657	1,602	3,121

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, between one day and a maximum of one year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents equals the carrying amount.

## Notes (continued)

**15 Creditors:** amounts falling due within one year

	<b>Group</b>		<b>Company</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and other debt (note 17)	-	3,395	-	-
Accruals	76,122	75,737	-	-
Deferred Income	4,442	1,215	-	-
Trade creditors	63,883	78,821	-	-
Finance lease obligations	1,374	1,374	-	-
VAT payable	6,557	7,044	-	-
Payroll taxes	8,451	9,402	-	-
Deferred tax (note 21)	-	-	1,113	1,187
Amounts owed to subsidiaries (a)	-	-	125,042	128,208
Amounts owed to other Group companies (a)	47,422	26,497	52	835
	<u>208,251</u>	<u>203,485</u>	<u>126,207</u>	<u>130,230</u>

(a) Amounts owed to subsidiaries and to other Group companies are unsecured, interest free, and repayable on demand.

**16 Creditors:** amounts falling due after more than one year

	<b>Group</b>		<b>Company</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finance lease obligations, due between one and two years	2,517	1,978	-	-
Other creditors	595	521	-	-
Preference shares (67,000 £1 1% preference shares)	67	67	67	67
Amounts owed to other group companies (a)	70,916	70,540	9,996	9,997
	<u>74,095</u>	<u>73,106</u>	<u>10,063</u>	<u>10,064</u>

(a) Amounts owed to other Group companies are interest bearing and are subordinated to bank loans and trade creditors (note 15).

## Notes (continued)

## 17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and holding Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	30 September 2019 £'000	30 September 2018 £'000	30 September 2019 £'000	30 September 2018 £'000
<b>Creditors:</b> amounts falling due after more than one year				
Finance lease liabilities	2,517	1,978	-	-
Amounts owed to other Group companies	70,916	70,540	-	9,997
	<u>73,433</u>	<u>72,518</u>	<u>-</u>	<u>9,997</u>
<b>Creditors:</b> amounts falling due within less than one year				
Finance lease liabilities	1,374	1,374	-	-
Unsecured bank facility	-	3,395	-	-
	<u>1,374</u>	<u>4,769</u>	<u>-</u>	<u>-</u>

## Terms and debt repayment schedule – Group

	Currency	Nominal interest rate %	Year of maturity	30 September 2019 £'000	30 September 2018 £'000
Short term JPY loans	JPY	-	-	-	3,395
Finance lease liabilities			2020 - 2023	3,891	3,352
Amounts owed to other group companies			2020 - 2026	70,916	70,540
				<u>74,807</u>	<u>77,287</u>

The Group has multicurrency loan facilities approximating £64.2 million (2018: £64.1 million). Drawdowns under these facilities bear interest at variable commercial rates.

Notes *(continued)***17 Interest-bearing loans and borrowings *(continued)*****Finance lease liabilities**

Finance lease liabilities are payable as follows:

	<b>Group minimum lease payments</b>		<b>Company minimum lease payments</b>	
	<b>30 September 2019 £'000</b>	<b>30 September 2018 £'000</b>	<b>30 September 2019 £'000</b>	<b>30 September 2018 £'000</b>
Less than one year	1,374	1,374	-	-
Between one and five years	2,517	1,978	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,891	3,352	-	-
	<hr/>	<hr/>	<hr/>	<hr/>



## Notes (continued)

## 18 Financial instruments – Group

2019

	Loans and receivables and other financial assets/ (liabilities) amortised cost £'000	Assets/ (liabilities) at fair value through profit or loss £'000	Total £'000
Financial asset investments	-	13,983	13,983
Forward foreign exchange contracts	-	4,608	4,608
Trade and other receivables	147,888	-	147,888
Cash at bank and in hand	145,730	-	145,730
Amounts owed from Group companies	6,176	-	6,176
<b>Total financial assets</b>	<b>299,794</b>	<b>18,591</b>	<b>318,385</b>
Current assets	299,794	4,608	304,402
Non-current assets	-	13,983	13,983
<b>Total financial assets</b>	<b>299,794</b>	<b>18,591</b>	<b>318,385</b>
Forward foreign exchange contracts	-	(37)	(37)
Trade and other payables	(160,050)	-	(160,050)
Finance lease obligations	(3,891)	-	(3,891)
Amounts owed to Group companies	(118,338)	-	(118,338)
<b>Total financial liabilities</b>	<b>(282,279)</b>	<b>(37)</b>	<b>(282,316)</b>
Current liabilities	(208,251)	(37)	(208,288)
Non-current liabilities	(74,028)	-	(74,028)
<b>Total financial liabilities</b>	<b>(282,279)</b>	<b>(37)</b>	<b>(282,316)</b>
<b>Total net financial assets</b>	<b>17,515</b>	<b>18,554</b>	<b>36,069</b>

## Notes (continued)

## 18 Financial instruments – Group (continued)

2018	Loans and receivables and other financial assets/ (liabilities) amortised cost £'000	Assets/ (liabilities) at fair value through profit or loss £'000	Total £'000
Financial asset investments	-	16,013	16,013
Forward foreign exchange contracts	-	3,199	3,199
Trade and other receivables	158,828	-	158,828
Cash at bank and in hand	168,657	-	168,657
Amounts owed from Group companies	6,028	-	6,028
<b>Total financial assets</b>	<b>333,513</b>	<b>19,212</b>	<b>352,725</b>
Current assets	333,513	3,199	336,712
Non-current assets	-	16,013	16,013
<b>Total financial assets</b>	<b>333,513</b>	<b>19,212</b>	<b>352,725</b>
Borrowings	(3,395)	-	(3,395)
Forward foreign exchange contracts	-	(906)	(906)
Trade and other payables	(172,740)	-	(172,740)
Finance lease obligations	(3,352)	-	(3,352)
Amounts owed to Group companies	(97,037)	-	(97,037)
<b>Total financial liabilities</b>	<b>(276,524)</b>	<b>(906)</b>	<b>(277,430)</b>
Current liabilities	(203,485)	(906)	(204,391)
Non-current liabilities	(73,039)	-	(73,039)
<b>Total financial liabilities</b>	<b>(276,524)</b>	<b>(906)</b>	<b>(277,430)</b>
<b>Total net financial assets</b>	<b>56,989</b>	<b>18,306</b>	<b>75,295</b>

## Notes (continued)

## 18 Financial instruments – Company

2019

	Loans and receivables and other financial assets/ (liabilities) amortised cost £'000	Assets/ (liabilities) at fair value through profit or loss £'000	Total £'000
Financial asset investments	105,355	-	105,355
Trade and other receivables	6	-	6
Cash at bank and in hand	1,602	-	1,602
Amounts owed from Group companies	77,243	-	77,243
<b>Total financial assets</b>	<b>184,206</b>	<b>-</b>	<b>184,206</b>
Current assets	78,851	-	78,851
Non-current assets	105,355	-	105,355
<b>Total financial assets</b>	<b>184,206</b>	<b>-</b>	<b>184,206</b>
Trade and other payables	-	-	-
Amounts owed to Group companies	(135,090)	-	(135,090)
<b>Total financial liabilities</b>	<b>(135,090)</b>	<b>-</b>	<b>(135,090)</b>
Current liabilities	(125,094)	-	(125,094)
Non-current liabilities	(9,996)	-	(9,996)
<b>Total financial liabilities</b>	<b>(135,090)</b>	<b>-</b>	<b>(135,090)</b>
<b>Total net financial assets</b>	<b>49,116</b>	<b>-</b>	<b>49,116</b>

## Notes (continued)

## 18 Financial instruments – Company (continued)

2018	Loans and receivables and other financial assets/ (liabilities) amortised cost £'000	Assets/ (liabilities) at fair value through profit or loss £'000	Total £'000
Financial asset investments	123,687	-	123,687
Trade and other receivables	6	-	6
Cash at bank and in hand	3,121	-	3,121
Amounts owed from Group companies	55,408	-	55,408
<b>Total financial assets</b>	<b>182,222</b>	<b>-</b>	<b>182,222</b>
Current assets	58,535	-	58,535
Non-current assets	123,687	-	123,687
<b>Total financial assets</b>	<b>182,222</b>	<b>-</b>	<b>182,222</b>
Trade and other payables	-	-	-
Amounts owed to Group companies	(139,040)	-	(139,040)
<b>Total financial liabilities</b>	<b>(139,040)</b>	<b>-</b>	<b>(139,040)</b>
Current liabilities	(129,043)	-	(129,043)
Non-current liabilities	(9,997)	-	(9,997)
<b>Total financial liabilities</b>	<b>(139,040)</b>	<b>-</b>	<b>(139,040)</b>
<b>Total net financial assets</b>	<b>43,182</b>	<b>-</b>	<b>43,182</b>

## 18 (a) Financial instruments measured at fair value

*Investments in debt and equity securities*

The fair value of financial assets at fair value through profit or loss, is determined by reference to inputs other than quoted prices and based upon independent valuations of the underlying assets and liabilities.

*Derivative financial instruments*

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

## Notes (continued)

## 18 Financial instruments (continued)

## 18 (b) Financial risk management

**Foreign currency**

Due to the nature of its business, the Group is exposed to the effects of fluctuations in foreign currency exchange rates. Group policy is to manage foreign currency exposures commercially and through netting of exposures wherever possible. Any residual exposures arising on foreign exchange transactions are hedged in accordance with Group policy using approved financial instruments, which consist primarily of spot and forward exchange contracts. In order to manage these exposures, the Group has entered into various hedging arrangements. At 30 September 2019 the Group had commitments under forward foreign exchange contracts, whereby it is committed to purchase contracts with a sterling equivalent of £119.2 million (2018: £115.6 million) to hedge foreign currency payables and sale contracts with a sterling equivalent of £2.7 million (2018: £0.7) to hedge foreign currency receivables.

**Credit risk**

In order to manage credit risk exposure, the Group has procedures in place to set customer credit limits and also to monitor credit exposure on an ongoing basis. In addition the Group's cash deposits are with counterparties with strong credit ratings.

**Liquidity risk**

Liquidity risk considers the risk that the Group could encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There is no significant liquidity risk.

## 19 Deferred grants

	Gross £'000	Group amortisation £'000	Net £'000
Opening – 1 October 2018	5,996	(4,673)	1,323
Additions	77	-	77
Disposals	(16)	11	(5)
Amortisation	-	(196)	(196)
Translation adjustments	3	(2)	1
	<hr/>	<hr/>	<hr/>
<b>Closing – 30 September 2019</b>	<b>6,060</b>	<b>(4,860)</b>	<b>1,200</b>
	<hr/>	<hr/>	<hr/>

## Notes (continued)

## 20 Provisions for liabilities

	Warranty £'000	Restructuring £'000	Total £'000
Opening – 1 October 2018	14,390	8,357	22,747
Charge for the year	16,644	2,702	19,346
Utilised in year	(16,512)	(5,495)	(22,007)
Translation adjustment	71	393	464
<b>Closing – 30 September 2019</b>	<b>14,593</b>	<b>5,957</b>	<b>20,550</b>
Opening – 1 April 2017	15,109	-	15,109
Charge for the period	17,308	8,799	26,107
Utilised in period	(18,090)	(442)	(18,532)
Translation adjustment	63	-	63
<b>Closing – 30 September 2018</b>	<b>14,390</b>	<b>8,357</b>	<b>22,747</b>

## 21 Deferred tax

	Group		Company	
	30 September 2019 £'000	30 September 2018 £'000	30 September 2019 £'000	30 September 2018 £'000
At beginning of year/period	12,920	15,184	(1,187)	(909)
Credit/(charge) for the year/period (note 7)	2,488	360	74	(278)
Disposal	-	(591)	-	-
Cash flow reserve in other comprehensive income/(expense)	-	-	-	-
Retirement benefits in other comprehensive (expense)/income	3,225	(1,881)	-	-
Translation adjustment	139	(152)	-	-
<b>At end of year/period</b>	<b>18,772</b>	<b>12,920</b>	<b>(1,113)</b>	<b>(1,187)</b>

The deferred tax asset of the Group at 30 September 2019 consists of £13.9 million (2018: £12.0 million) relating to originating timing differences, comprising principally a retirement benefit obligation and £4.9 million (2018: £0.9 million) relating to tax losses carried forward. No provision has been made for tax payable in relation to the distribution of retained profits of foreign subsidiaries where it is not the directors' intention to repatriate such profits in the foreseeable future.

The deferred tax liability of the Company at 30 September 2019 consists of £1.1 million (2018: £1.3 million) relating to originating timing differences and £Nil (2018: £0.1 million) relating to tax losses carried forward.

## Notes (continued)

**22 Called up share capital**

	Authorised number	Allotted, called up and fully paid	
		2019 £	2018 £
5p ordinary shares	10,720,000	536,000	536,000

The Company is a wholly owned subsidiary of Glen Dimplex Europe Holdings, a limited company registered in the Republic of Ireland.

**23 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	30 September 2019 £'000	30 September 2018 £'000	30 September 2019 £'000	30 September 2018 £'000
Less than one year	2,207	2,201	-	-
Between one and five years	2,051	2,873	-	-
More than five years	118	-	-	-
	<u>4,376</u>	<u>5,074</u>	<u>-</u>	<u>-</u>

During the year £3.5 million was recognised as an expense in the consolidated profit and loss account in respect of operating leases (2018: £5.2 million).

**Leases as lessor**

Certain properties in use by the Group are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group		Company	
	30 September 2019 £'000	30 September 2018 £'000	30 September 2019 £'000	30 September 2018 £'000
Less than one year	25	31	-	-
Between one and five years	98	94	-	-
More than five years	255	269	-	-
	<u>378</u>	<u>394</u>	<u>-</u>	<u>-</u>

## Notes (continued)

**24 Commitments and contingencies****(a) Capital commitments**

Capital commitments are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Authorised and contracted for	1,663	868	-	-
Authorised and not contracted for	2,445	2,321	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,108	3,189	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**(b) Grants**

Grants have been received from Government agencies in respect of expenditure on certain fixed assets, research and training. These grants are repayable in certain circumstances, principally the sale of grant aided assets, the discontinuance, in part or in whole, of certain operations or the failure to meet and maintain specified employment levels. The contingent liability existing at 30 September 2019 was approximately £0.9 million (2018: £2.2 million) in the case of the Group and £Nil (2018: £Nil) in the case of the Company. These contingencies will expire at various dates between 2018 and 2021.

**(c) Letter of credit commitments**

The undrawn letter of credit facility at 30 September 2019 was £2.5 million (2018: £9.1million).

**(d) Litigation**

Due to the nature of its operations, the Group 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 Group as a result of these actions. The Group 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) Liabilities of certain subsidiaries**

The Company has guaranteed the liabilities of some of its subsidiary undertakings.

**(f) Other**

The Company has guarantees in place in favour of the Group's pension schemes regarding liabilities of the companies to the schemes. In addition, the Group 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)

**25 Particulars of employees**

The average number of persons employed by the Group (including directors) during the year was:

	<b>30 September 2019</b>	30 September 2018
Production	2,196	2,609
Selling and distribution	1,099	1,332
Administration	483	459
Research	316	380
	<hr/>	<hr/>
	4,094	4,780
	<hr/>	<hr/>

Their total remuneration was:

	<b>30 September 2019 £'000</b>	30 September 2018 £'000
Wages and salaries	161,460	259,517
Social welfare costs	26,580	42,151
Retirement benefits (note 26)	7,258	4,884
	<hr/>	<hr/>
	195,298	306,552
	<hr/>	<hr/>

**26 Retirement benefit obligations**

Certain of the Group's employees are members of various externally funded defined benefit and defined contribution pension schemes.

The Group operates three defined benefit schemes covering its eligible employees in the UK, the assets of which are held in separate trustee-administered funds. The schemes are the Glen Dimplex Group Pension Scheme, the Glen Dimplex Home Appliances Pension Scheme and the Stoves Executive Pension Scheme. The current service cost to the Group for these schemes amounted to £0.1 million (2018: £0.2 million). The retirement benefit charge for payments to non-UK statutory and defined contribution schemes for the period was £7.3 million (2018: £4.9 million).

Pension costs for the defined benefit schemes are assessed in accordance with the advice of a professionally qualified actuary. Each of the defined benefit schemes 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 Group Pension Scheme, 5 April 2018 for the Glen Dimplex Home Appliances Pension Scheme, and 5 April 2017 for the Stoves Executive Pension Scheme.

These valuations were performed using the projected unit method. The valuations have 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. Scheme assets are stated at their market value at the balance sheet date.

## Notes (continued)

## 26 Retirement benefit obligations (continued)

The major assumptions used for the actuarial valuations were:

	30 September 2019 %	30 September 2018 %	31 March 2017 %
Rate of increase of retirement benefit in payment	2.28-3.28	2.21-3.21	2.22-3.22
Rate of increase in salaries	0-2.20	0-2.20	0-2.20
Discount rate	1.80	2.87	2.63
Inflation rate	2.28-3.28	2.21-3.21	2.22-3.22

The fair value of the assets in the schemes, the present value of the liabilities and the value of the scheme assets at the balance sheet date were:

	Value at 30 September 2019 £'000	Value at 30 September 2018 £'000
Equities	28,973	41,126
Bonds	28,112	40,515
LLDI	22,599	-
Other	41,717	33,379
Total fair value of plan assets	121,401	115,020
Present value of benefit obligations	(181,244)	(155,217)
<b>Net retirement obligation</b>	<b>(59,843)</b>	<b>(40,197)</b>

The contribution rates for the period ended 30 September 2019 varied between the schemes from 0% - 51.5% of pensionable earnings and it is intended to maintain contributions at least at these levels into the future. The Group expects to contribute approximately £14million to its defined benefit plans in the next financial year.

Interest income on plan assets is charged at 1.80% (2018: 2.87%) for the UK schemes.

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:

	30 September 2019 Years	30 September 2018 Years
Male	20.1-22.4	20.6 – 22.8
Female	22.7-24.3	23.1 – 24.8

## Notes (continued)

**26 Retirement benefit obligations (continued)**

<i>Changes in defined benefit obligations</i>	<b>30 September 2019 £'000</b>	<b>30 September 2018 £'000</b>
At beginning of year/period	155,217	168,827
Current service cost	(46)	99
Employee contributions	9	20
Interest expense	4,280	6,396
Actuarial loss/(gain)	26,467	(11,365)
Benefits paid	(7,573)	(8,818)
Exchange adjustments	1	58
Allowance for guaranteed minimum pension equalisation	2,889	-
<b>At end of year/period</b>	<b>181,244</b>	<b>155,217</b>
<i>Changes in fair value of plan assets</i>	<b>30 September 2019 £'000</b>	<b>30 September 2018 £'000</b>
At beginning of period/year	115,020	109,338
Interest income	3,239	4,310
Employer contributions	3,998	10,325
Employee contributions	9	20
Benefits paid	(7,573)	(8,818)
Running costs paid by scheme	(789)	(479)
Actual return on scheme assets less interest income	7,497	324
<b>At end of year/period</b>	<b>121,401</b>	<b>115,020</b>

## Notes (continued)

## 26 Retirement benefit obligations (continued)

## Components of pension cost

Included in the profit and loss account	30 September 2019 £'000	30 September 2018 £'000
<b><i>Included in payroll costs:</i></b>		
Current service costs	46	(99)
Running costs paid by the scheme	(789)	(479)
	<hr/>	<hr/>
<b>Net operating profit charge</b>	<b>(743)</b>	<b>(578)</b>
	<hr/>	<hr/>
<b><i>Included in non-trading items:</i></b>		
Allowance for guaranteed minimum pension equalisation	(2,889)	-
	<hr/>	<hr/>
<b>Net non-trading items</b>	<b>(2,889)</b>	<b>-</b>
	<hr/>	<hr/>
<b><i>Included in finance costs:</i></b>		
Net interest on net defined benefit obligations	(1,041)	(2,086)
	<hr/>	<hr/>
<b>Net finance costs</b>	<b>(1,041)</b>	<b>(2,086)</b>
	<hr/>	<hr/>
<b>Included in other comprehensive income</b>	<b>30 September 2019 £'000</b>	<b>30 September 2018 £'000</b>
Actual return on plan assets less interest income on plan assets	7,497	324
Actuarial (loss)/gain	(26,467)	11,365
	<hr/>	<hr/>
<b>Remeasurement of (losses)/gains recognised in other comprehensive income</b>	<b>(18,970)</b>	<b>11,689</b>
	<hr/>	<hr/>

# Glen Electric Limited

NI 009677

## Notes (continued)

### 27 Subsidiaries and registered offices

Holding of  
ordinary  
shares  
%

#### Incorporated in United Kingdom

(a) Glen Dimplex N.I. Limited	100
(b) Seagoe Technologies Limited	100
(b) Unidare Environmental Limited *	100
(c) Burco Dean Appliances Limited	100
(c) Glen Dimplex Home Appliances Limited *	100
(c) Stoves Group Limited *	100
(d) Halstead Boilers Limited	100
(d) Lec Refrigeration Limited *	100
(e) Morphy Richard Appliances Limited	100
(e) Morphy Richards Limited *	100
(f) Belling Appliances Limited	100
(g) Belling (1992) Limited	100
(h) Ability Projects Limited	100
(h) GDC Group Limited	100
(h) My Green Heating Finance Limited	100
(h) Precip (521) Limited	100
(h) Applied Energy Products Limited	100
(h) Redring Xpelair Group Limited *	100
(i) Roberts Radio Limited	100
(j) Berry Magicoal Limited *	100
(j) Dip Limited *	100
(k) Nobo Heating UK Limited *	100

#### Incorporated in other jurisdictions

(l) GD Company Limited (Isle of Man)	100
(m) Glen Electric Holdings GmbH (Germany) *	100
(m) Glen Dimplex EIO GmbH (Germany) *	100
(m) EIO Electrogerate GmbH (Germany) *	100
(n) Glen Dimplex Deutschland GmbH (Germany) *	100
(o) Glen Dimplex Austria GmbH (Austria) *	100
(p) Glen Dimplex Benelux B.V. (Netherlands) *	100
(p) Glen Dimplex Beheer B.V. (Netherlands) *	100
(q) Dimplex North America Limited (Canada) *	100
(q) Glen Dimplex Americas Limited (Canada)	100
(q) Electromode Inc (Canada) *	100
(r) Convectair (Canada) *	70
(s) Glen Dimplex Nordic AS (Norway) *	100
(t) Glen Dimplex Nordic AB (Sweden) *	100
(u) OY Glen Dimplex Nordic AB (Finland) *	100
(v) Dimplex Thermal Solutions, Inc. (USA) *	100
(w) Glen Dimplex New Zealand Limited (New Zealand)	100
(x) Dimplex Japan Limited (Japan) *	100

## Notes (continued)

## 27 Subsidiaries and registered offices (continued)

Holding of  
ordinary  
shares  
%

## Incorporated in other jurisdictions

(y) Glen Dimplex France Sarl (France) *	100
(z) Teurquetil Participation S.A (France)*	100
(z) Muller S.A. (France) *	70
(z) Muller Services SNC (France) *	70
(z) Noirot SAS (France) *	70
(z) SCI Ney (France) *	70
(aa) Campa SAS (France) *	70
(aa) Concorde SNC (France) *	70
(aa) Airlec Industrie SAS (France) *	70
(aa) Auer SAS (France) *	70
(ab) S.C.F Sarl (France) *	70
(ab) Applimo SAS (France) *	70
(ac) France Energie SAS (France) *	70

\* held indirectly by subsidiary holding.

## Registered offices

- (a) 5 Charlestown Avenue, Charlestown Industrial Estate, Charlestown Road, Craigavon, Co Armagh
- (b) ch Road, Seagoe, Portadown, Co Armagh
- (c) Stoney Lane, Prescott, Merseyside L35 2XW, England
- (d) C/o Glen Dimplex Home Appliances, Stoney Lane, Prescott, Merseyside L35 2XW, England
- (e) Mexborough, South Yorkshire, S64 8AJ, England
- (f) C/o Morphy Richards Ltd, Swinton Works, Mexborough, South Yorkshire, England
- (g) C/o Morphy Richards Ltd, Adwick Park, Manvers, Rotherham, S63 5AB, England
- (h) Millbrook House, Grange Drive, Hedge End, Southampton, England
- (i) Talbot Road, Swinton, Mexborough, South Yorkshire, England
- (j) Vine Lodge, Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AN, England
- (k) Herbert House, 22 Herbert Street, Glasgow, G20 6NB, Scotland
- (l) 33-37 Athol Street, Douglas, IM1 1LB, Isle of Man
- (m) Otto Bergner Strasse 28, D-96515 Sonneberg, Germany
- (n) Am Goldenen Feld 18, D-95326 Kulmbach, Germany
- (o) Hauptstrasse 71, 5302 Henndorf am Wallersee, Austria
- (p) Saturnus 8, 8448CC, Heerenveen, Netherlands
- (q) 1367 Industrial Road, Cambridge, Ontario, Canada
- (r) 30 Place Sicard, Sainte-Therese, QC J7E 3X6, Canada
- (s) Havnegata 24, NO - 7502 Stjørdal, Norway
- (t) Linjalvagen 6A 187 66, Taby, Sweden
- (u) Mästarvägen 30, 06150 Porvoo, Finland
- (v) 2625 Emerald Drive, Kalamazoo, MI 49001, United States of America
- (w) 38 Harris Rd, East Tamaki, Auckland, New Zealand
- (x) 13F, Mita Kokusai Bldg., 1-4-28 Mita, Minato-Ku, Tokyo 108-0073, Japan
- (y) 7-10 Porte Neuilly, 12 Boulevard du Mont d'Est, Maille Nord III, 93160 Noisy Le Grand, France
- (z) 107 Boulevard Ney, 75018 Paris, France
- (aa) 109 Boulevard Ney, 75018 Paris, France
- (ab) 13 Rue Jean Dollfus, 75018 Paris
- (ac) Rue N.Copernic, 583810, Chagné, France

## Notes (continued)

## 28 Capital and reserves

## Other comprehensive income

## 2018

	Translation reserve €'000	Profit and loss account €'000	Total profit and loss reserves €'000
<b>Balance at 1 April 2017</b>	(601)	325,264	324,663
Foreign exchange differences	4,653	(1,545)	3,108
Dividends	-	(23,883)	(23,883)
Loss for the period	-	(8,505)	(8,505)
Remeasurements of defined retirement benefit obligations	-	11,689	11,689
Tax relating to components of other comprehensive income	-	(1,881)	(1,881)
<b>Balance at 30 September 2018</b>	<b>4,052</b>	<b>301,139</b>	<b>305,191</b>

## Notes (continued)

## 28 Capital and reserves (continued)

2019

	Translation reserve €'000	Profit and loss account €'000	Total profit and loss reserves €'000
<b>Balance at 1 October 2018</b>	4,052	301,139	305,191
Foreign exchange differences	1,320	-	1,320
Dividends	-	(5,000)	(5,000)
Loss for the year	-	(15,546)	(15,546)
Remeasurements of defined retirement benefit obligations	-	(18,970)	(18,970)
Tax relating to components of other comprehensive income	-	3,225	3,225
<b>Balance at 30 September 2019</b>	<u>5,372</u>	<u>264,848</u>	<u>270,220</u>



Notes *(continued)***29 Accounting estimates and judgements**

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

**Post-retirement benefits**

The Group'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 Group. Further details are set out in note 26.

**Goodwill**

The Group 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. The Group has performed impairment tests on those cash generating units which contain goodwill, and on any assets where there are indicators of impairment. Details of the carrying value of goodwill is set out in note 9.

**Recoverability of trade receivables**

The Group 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 Group 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 Group's policy is to hold inventories at original cost and create an inventory provision where evidence exist 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 periods 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 20.

## Notes (continued)

**30 Parent undertaking**

The Company's immediate parent company is Glen Dimplex Europe Holdings Limited, a company registered in the Republic of 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 and 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.

**31 Related party transactions**

The Group financial statements include the financial statements of the Company and its subsidiaries. A listing of the principal Group members is disclosed in note 27. The Group has availed of the exemption permitted under FRS 102.33.1(a) in not disclosing sales to and from, together with outstanding payables and receivables to and from subsidiaries, which are eliminated in the preparation of the Group financial statements.

**32 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 Group's and Parent 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. The Group consists of trading entities operating in a number of different geographical and segment markets. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. As a consequence, the directors believe that the Group 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 Group has adequate resources to continue in operational existence for the foreseeable future.

**33 Approval of financial statements**

The financial statements were approved by the directors on

18 May 2020.