

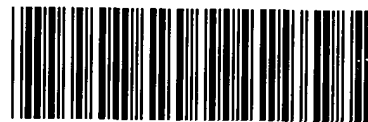
Company Registration No. 4107833

KOHLER HOLDINGS LIMITED

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2014

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ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2014

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KOHLER HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

H V Kohler
J M Robinson IV
M D Agard

SECRETARY:

J M Robinson IV

REGISTERED OFFICE:

Whaddon Works
Cromwell Road
Cheltenham
Gloucestershire
GL52 5EP

AUDITOR:

Deloitte LLP
Bristol, United Kingdom

STRATEGIC REPORT

BUSINESS REVIEW

Turnover in 2014 increased by 4.4% compared with 2013 (2013 – 1.3% increase). Sales in Europe increased by 48.2% and sales in the rest of the world (primarily due to acquisition) by 94.6% whilst UK sales decreased by 4.9%. The UK remains the most significant market for the group, accounting for 77.3% of total turnover (2013 – 84.8%).

The overall UK shower market value grew by 2.5% compared with 2013. The group's main showering business in the UK market increased sales by 3.9%. The directors are satisfied that the overall market, and the company's share of that market, is increasing.

In July 2014 the group acquired an off the shelf company CMN Seventy Five Participações Ltda, subsequently renamed Cerâmica KK Participações Ltda. On 31 October 2014, Cerâmica KK Participações Ltda acquired 100% of the issued share capital of Fênix Participações Societárias S.A. which owns 36% of Fiori Cerâmica Ltda for cash consideration of £10,335,000. Cerâmica KK Participações Ltda acquired the remaining 64% of the issued share capital of Fiori Cerâmica Ltda from private individuals for cash consideration of £18,372,000.

The net loss for the year reduced by £4.2m, this is mainly due to a £5.8m reduction in interest payable and £0.6m reduction in exceptional costs offset by £1.3m loss arising from new acquisitions and £1.0m lower equity minority interests.

The group's net assets have decreased by £8.7m in the year. The composition of net assets has changed due to acquisition activity; a cash payment of £29.1m has been replaced by the subsidiaries' net assets and goodwill; excluding this acquisition, underlying net assets have changed as follows: goodwill has decreased by £14.0m due to amortization; tangible assets have risen by £3.1m due to £10.5m capital expenditure, offset by depreciation; stocks increased by £3.1m due to phasing and outsourcing. Creditors decreased £1.9m due mainly to lower intercompany payables; and the pension liability increased by £2.7m.

The company takes its commitment to health and safety extremely seriously; in the UK, the group has achieved the "Kohler Safety Management System" award and is working toward Tier IV level. There has been a slight decrease during 2014 in the Days Away Restricted Time Rate from 1.0 to 0.6. The rating is a composite measure of number of accidents, days lost and restricted days as a proportion of hours worked. In addition, the group is participating in sustainability initiatives and is actively looking at ways to reduce carbon emissions, water usage and packaging waste.

There have been no significant events since the balance sheet date.

FUTURE DEVELOPMENTS

The directors anticipate that the current level of activity will be maintained by the continued strategy of increasing market share and new product development.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's activities expose it to a number of financial risks including cash flow risk and credit risk.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates due to a level of purchases made from outside the UK. The group does not actively hedge these exposures, although the group also makes sales outside the UK which produces a natural hedge.

STRATEGIC REPORT (continued)

Credit risk

The group's principal financial assets are bank balances and cash, trade and other debtors.

The group's credit risk is primarily attributable to its trade debtors. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'M D Agard', written in a cursive style.

M D Agard
Director

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

It has been another challenging year with difficult economic conditions and an unpredictable market which has had an impact on trading; however, in these difficult times the group has continued to gain market share through quality products, innovation and acquisition.

During the year, the group has had sufficient net cash, generated from product sales and ultimate parent company investment, to fund the business and this is expected to continue for the foreseeable future. The current economic conditions create uncertainty, particularly over the level of demand for the group's products. Changes in the exchange rate between sterling and the US Dollar and between sterling and the Euro have consequences for the cost of the group's raw materials and finished goods stock.

The group's forecasts and projections, taking into account the difficult market conditions, show that the group should be able to operate at the current level and achieve growth in both sales and cash inflows over the coming years.

The directors, after careful consideration, have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The group loss for the year was £4,916,000 (2013 – £9,072,000).

The directors cannot propose a dividend (2013 - £nil).

RESEARCH AND DEVELOPMENT

The group aims to commit sufficient resources to research and development so as to ensure that it maintains a competitive position in the market. During the year, the group invested £7,786,000 (2013 - £7,295,000) in research and development.

DIRECTORS

The directors of the company, who served throughout the financial year and subsequently, are shown on page 2.

EMPLOYEE CONSULTATION

The group has continued to examine ways and means of providing employment for disabled employees, under normal terms and conditions, with opportunities and established procedures for joint consultation.

POLITICAL CONTRIBUTIONS

No payments were made during the year for political purposes (2013 - £nil).

DIRECTORS' REPORT (continued)

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'M D Agard', written in a cursive style.

M D Agard
Director

Date 22 October 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOHLER HOLDINGS LIMITED

We have audited the financial statements of Kohler Holdings Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

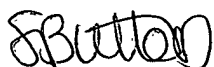
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Sonya Butters (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

13 November 2015

KOHLER HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
TURNOVER			
Existing operations		134,259	130,964
Acquisitions		2,413	-
	2	<u>136,672</u>	<u>130,964</u>
Change in stocks of finished goods and work in progress		(4,070)	(252)
Raw materials and consumables		(47,802)	(49,385)
Other external costs (excluding exceptional costs)		(25,974)	(23,488)
Staff costs	7	(36,796)	(35,117)
Amortisation of goodwill	9	(14,180)	(14,009)
Depreciation	10	(4,809)	(3,984)
Other operating income		<u>254</u>	<u>-</u>
OPERATING PROFIT			
Existing operations		4,602	4,729
Acquisitions		(1,307)	-
	3	<u>3,295</u>	<u>4,729</u>
Other external costs – exceptional costs	3	(3,480)	(2,850)
Interest receivable and similar income	4	2,344	2,503
Interest payable and similar charges	5	<u>(3,302)</u>	<u>(9,089)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,143)	(4,707)
Tax on loss on ordinary activities	6	(2,320)	(1,899)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(3,463)</u>	<u>(6,606)</u>
Equity minority interests	21	(1,453)	(2,466)
LOSS FOR THE FINANCIAL YEAR	20	<u>(4,916)</u>	<u>(9,072)</u>

All results arose from continuing activities.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2014

	2014 £'000	2013 £'000
Loss for the financial year	(4,916)	(9,072)
Currency translation differences on foreign currency net investments	(683)	(7)
Actuarial (loss)/gain relating to the pension scheme	(3,718)	2,578
UK deferred tax attributable to actuarial movement	744	(516)
Total recognised losses since last annual report and financial statements	<u>(8,573)</u>	<u>(7,017)</u>

KOHLER HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
At 31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Intangible assets	9	90,530	81,241
Tangible assets	10	36,444	25,648
		<u>126,974</u>	<u>106,889</u>
CURRENT ASSETS			
Stocks	12	22,342	16,650
Debtors			
- due in one year	13	43,567	37,806
- due after one year	13	94,070	97,055
Cash at bank and in hand		15,596	43,751
		<u>175,575</u>	<u>195,262</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(38,450)</u>	<u>(43,940)</u>
NET CURRENT ASSETS		<u>137,125</u>	<u>151,322</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		264,099	258,211
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(139,264)	(130,189)
PROVISIONS FOR LIABILITIES	18	<u>(4,074)</u>	<u>(1,202)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		120,761	126,820
PENSION LIABILITY	23	(3,156)	(480)
NET ASSETS INCLUDING PENSION LIABILITY		<u>117,605</u>	<u>126,340</u>
CAPITAL AND RESERVES			
Called up share capital	19	153,165	153,165
Share premium account	20	37,299	37,299
Profit and loss account	20	(85,742)	(77,170)
SHAREHOLDERS' FUNDS	20	<u>104,722</u>	<u>113,294</u>
MINORITY INTERESTS	21	12,883	13,046
TOTAL CAPITAL EMPLOYED		<u>117,605</u>	<u>126,340</u>

The financial statements of Kohler Holdings Limited, registration number 4107833, were approved by the Board of Directors and authorised for issue on **22 October 2015**

Signed on behalf of the Board of Directors



M D Agard
Director

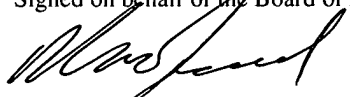
KOHLER HOLDINGS LIMITED

COMPANY BALANCE SHEET
At 31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	11	227,576	227,576
CURRENT ASSETS			
Debtors	13	-	-
Cash at bank and in hand		-	-
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(4,461)	(4,461)
NET CURRENT (LIABILITIES)/ASSETS		-	(4,461)
TOTAL ASSETS LESS CURRENT LIABILITIES		227,576	223,115
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(137,739)	(130,189)
NET ASSETS		89,837	92,926
CAPITAL AND RESERVES			
Called up share capital	19	153,165	153,165
Share premium account	20	37,299	37,299
Profit and loss account	20	(100,627)	(97,538)
SHAREHOLDERS' FUNDS	20	89,837	92,926

The financial statements of Kohler Holdings Limited, registration number 4107833, were approved by the Board of Directors and authorised for issue on **22 October 2015**

Signed on behalf of the Board of Directors



M D Agard
Director

KOHLER HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	22	7,883	20,980
Returns on investments and servicing of finance			
Interest received		2,344	2,487
Interest paid		(166)	(9,568)
Dividends paid		(1,616)	(1,612)
Net cash outflow from returns on investments and servicing of finance		562	(8,693)
Taxation			
UK corporation tax paid		(190)	(1,566)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(8,514)	(7,520)
Proceeds from the sale of fixed assets		29	-
Net cash outflow from capital expenditure and financial investment		(8,485)	(7,520)
Acquisitions and disposals			
Payment to acquire of subsidiary undertaking		(29,094)	-
Net cash balance acquired with subsidiary undertaking		949	-
Net cash outflow from investing activities		(28,145)	-
Financing			
Issue of shares including premium		-	37,300
Bank loans		138	-
Net cash inflow from financing		138	37,300
(Decrease)/increase in cash in the year	22	(28,237)	40,501
Reconciliation to net debt		2014 £'000	2013 £'000
Net debt at 1 January		(86,438)	(126,932)
(Increase)/decrease in net debt		(28,237)	40,501
Borrowings acquired with subsidiaries		(2,435)	-
Movement in borrowing		(138)	-
Other non cash changes		(7,550)	-
Exchange adjustments		166	(7)
Net debt at 31 December		(124,632)	(86,438)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of Kohler Holdings Limited and its subsidiary undertakings drawn up to 31 December 2014.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

No profit and loss account is presented for Kohler Holdings Limited, as permitted by s408 of the Companies Act 2006. The result for the year is shown in note 20.

Through the issue by Kohler Holdings Limited of an irrevocable and unconditional guarantee relating to their liabilities, the following subsidiaries are exempt from the requirement relating to audit of accounts under S479A of the Companies Act 2006:

<u>Company</u>	<u>Company Registration number</u>
Kohler Showers Bidco Ltd	3983112
Kohler Showers Holdings Ltd	3983133
Powerwave Energy Ltd	6537397

Going concern

The financial statements are prepared on the going concern basis. The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review section of the strategic report. The rationale for applying the going concern basis is discussed in the directors' report.

Intangible assets - goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is estimated to be 20 years. Provision is made for any impairment.

Intangible assets – patents

Patents are amortised over a period of five years.

Intangible assets - other

Other intangible assets are amortised over a period consisting of the expected useful economic life of each intangible asset, as assessed by external advisers. The amortisation period varies from one year to 19 years.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

Freehold buildings	4% declining balance
Long/short leasehold land and buildings	Higher of 2.5% per annum/term of lease
Plant and machinery	10 - 50% per annum
Fixtures, fittings, tools and equipment	10 – 33.3% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Warranty provision

Provision is made for the costs estimated to arise over the warranty period of repairs to, or replacement of, goods sold under warranty up to the year-end.

Turnover

Turnover represents amounts receivable for goods and services arising from one class of business, provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Turnover on the sale of goods is recognised at the point of despatch to the customer. Turnover relating to associated services is recognised on provision of the service.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average monthly rates of exchange and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

For defined benefit schemes the amounts charged to the profit and loss account are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the company held separately from those of the group, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least once every three years and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

2. SEGMENTAL INFORMATION

The group's principal areas of activity are as follows:

Year ended 31 December 2014

	Turnover by destination £'000	Turnover by origin £'000
United Kingdom	105,632	127,965
Continental Europe	24,430	6,294
Rest of the world	6,610	2,413
	<u>136,672</u>	<u>136,672</u>

Year ended 31 December 2013

	Turnover by destination £'000	Turnover by origin £'000
United Kingdom	111,084	124,413
Continental Europe	16,483	6,551
Rest of the world	3,397	-
	<u>130,964</u>	<u>130,964</u>

3. OPERATING PROFIT

	2014 £'000	2013 £'000
Operating profit is stated after charging/(crediting):		
Research and development costs		
- Staff and depreciation	5,011	4,663
- Other costs	2,775	2,632
Rentals under operating leases:		
- Plant and machinery	927	903
- Other	1,003	980
Exceptional items		
- Impairment of tangible fixed assets	-	551
- Restructuring	3,480	2,299
Depreciation	4,809	3,984
Amortisation	14,180	14,009
Loss on the sale of fixed assets	333	460
Loss/(gain)on foreign exchange	<u>314</u>	<u>(57)</u>

The exceptional costs incurred in the year are associated with closing one of the group's manufacturing sites.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

3. OPERATING PROFIT (continued)

The analysis of auditor's remuneration is as follows:

	2014 £'000	2013 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	6	6
Fees payable to the company's auditor and its associates for other services to the group:		
- The audit of the company's subsidiaries pursuant to legislation	86	90
Total audit fees	<u>92</u>	<u>96</u>
Non-audit fees - tax services	<u>23</u>	<u>54</u>
Fees payable to the company's auditor and its associates in respect of associated pension schemes:		
- Audit	<u>18</u>	<u>18</u>

Fees payable to Deloitte LLP and its associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Interest received from group undertakings	2,131	2,129
Other interest	213	53
Other finance income	-	321
	<u>2,344</u>	<u>2,503</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable to group undertakings	3,192	9,089
Other finance expense	45	-
Other interest	65	-
	<u>3,302</u>	<u>9,089</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
The tax charge comprises:		
Current tax		
UK corporation tax	2,173	1,367
Adjustments in respect of prior years		
- UK corporation tax	<u>(436)</u>	<u>(1,000)</u>
	1,737	367
Foreign tax	<u>145</u>	<u>152</u>
Total current tax	1,882	519
Deferred tax		
Origination and reversal of timing differences	267	226
Adjustment in respect of prior years	240	2
Effects of changes in tax rate	-	129
Pension	75	1,023
Deferred tax on amortisation	<u>(144)</u>	<u>-</u>
Total tax on loss on ordinary activities	<u>2,320</u>	<u>1,899</u>

The current tax for the year is calculated at the rate of 21.5%, based on the UK blended rate of corporation tax. The difference between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit before tax is as follows:

	£'000	£'000
Loss on ordinary activities before tax	<u>(1,143)</u>	<u>(4,707)</u>
Tax on loss on ordinary activities at blended UK corporation tax rate of 21.5% (2013 – 23.25%)	(245)	(1,094)
Effects of:		
Expenses not deductible for tax purposes	3,211	3,760
Income not taxable for tax purposes	-	(6)
Capital allowances in excess of depreciation	(205)	(10)
Adjustments to tax charge in respect of previous years	(436)	(1,000)
Current year ATCA restriction	-	364
Other short-term timing differences	(104)	(1,159)
Group relief received for no consideration	(310)	(365)
Current year Patent Box relief	(403)	-
Adjustment in respect of foreign tax rates	374	29
Current tax charge for the year	<u>1,882</u>	<u>519</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

7. EMPLOYEES

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

Group	2014 No.	2013 No.
By activity		
Manufacturing	450	410
Selling and distribution	164	175
Administration	444	361
	<u>1,058</u>	<u>946</u>

The aggregate payroll costs of these persons were:

	£'000	£'000
Wages and salaries	31,630	30,248
Social security costs	3,247	2,997
Other pension costs	1,919	1,872
	<u>36,796</u>	<u>35,117</u>

Included within other pension costs above is £873,000 (2013 - £1,057,000) in respect of the defined benefit pension scheme that is operated by the group (see note 23).

8. DIRECTORS' REMUNERATION AND TRANSACTIONS

The directors receive their remuneration from Kohler Co. Where directors are remunerated by other group companies for their services to the group as a whole, it is not practicable to allocate their remuneration between their services as directors of this group of companies and their services as directors of other group companies.

9. INTANGIBLE FIXED ASSETS

Group	Patents, Trademarks & other intangibles £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2014	14	294,809	294,823
Additions	6,642	16,824	23,466
At 31 December 2014	<u>6,656</u>	<u>311,633</u>	<u>318,289</u>
Accumulated amortisation			
At 1 January 2014	14	213,568	213,582
Charge for the year	171	14,009	14,180
Foreign exchange translation difference	(3)	-	(3)
At 31 December 2014	<u>182</u>	<u>227,577</u>	<u>227,759</u>
Net book value			
At 31 December 2014	<u>6,474</u>	<u>84,056</u>	<u>90,530</u>
At 31 December 2013	<u>-</u>	<u>81,241</u>	<u>81,241</u>

Goodwill relates to the acquisition of the Kohler Mira Limited and Fiori Cerâmica Ltda businesses.

KOHLER HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014
10. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Long/short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost or valuation					
At 1 January 2014	7,486	3,925	40,501	13,188	65,100
Additions	1,126	-	4,287	3,161	8,574
Exchange differences	(89)	-	(229)	-	(318)
Disposals	76	(282)	(98)	(13,739)	(14,043)
Acquisitions	2,182	-	5,534	-	7,716
Transfers	4,368	(3,626)	(24,800)	29,245	5,187
At 31 December 2014	<u>15,149</u>	<u>17</u>	<u>25,195</u>	<u>31,855</u>	<u>72,216</u>
Accumulated depreciation					
At 1 January 2014	838	90	30,495	8,029	39,452
Charge for the year	487	19	1,295	3,008	4,809
Exchange differences	(14)	-	(41)	-	(55)
Disposals	102	(282)	(25)	(13,476)	(13,681)
Transfers	468	178	(21,818)	26,419	5,247
At 31 December 2014	<u>1,881</u>	<u>5</u>	<u>9,906</u>	<u>23,980</u>	<u>35,772</u>
Net book value					
At 31 December 2014	<u>13,268</u>	<u>12</u>	<u>15,289</u>	<u>7,875</u>	<u>36,444</u>
At 31 December 2013	<u>6,648</u>	<u>3,835</u>	<u>10,006</u>	<u>5,159</u>	<u>25,648</u>

Included within freehold land and buildings is land of £2,740,000 (2013 - £2,852,000) which has not been depreciated.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

11. INVESTMENTS

Company

£'000

Cost and net book value

At 31 December 2013 and at 31 December 2014

227,576

Subsidiary undertakings Name of company	Country of incorporation and registration	Class of Share/quota held	%	Nature of business
Kohler Showers Holdings Ltd*	United Kingdom	Ordinary	85	Holding company
Kohler Showers Bidco Ltd*	United Kingdom	Ordinary	85	Holding company
Kohler Mira Ltd*	United Kingdom	Ordinary	85	Showers
Kohler (UK) Ltd*	United Kingdom	Ordinary	85	Dormant
Rada Armaturen GmbH*	Germany	Ordinary	85	Showers
Rada Sanitairtechniek B.V.*	Netherlands	Ordinary	100	Showers
Kohler Mira UK Trustees Ltd*	United Kingdom	Ordinary	85	Non-trading
Kohler Mira Executive Trustees Ltd*	United Kingdom	Ordinary	85	Non-trading
Kohler Daryl Ltd*	United Kingdom	Ordinary	85	Dormant
Powerwave Energy Limited	United Kingdom	Ordinary	100	Holding company
Cerâmica KK Participações Ltda*	Brazil	Ordinary	100	Holding company
Fênix Participações Societárias S.A.*	Brazil	Ordinary	100	Holding company
Fiori Cerâmica Ltda*	Brazil	Ordinary	100	Sanitaryware and porcelain

*Shareholdings held by subsidiaries

Acquisition of subsidiary undertakings

In July 2014 the group acquired an off the shelf company CMN Seventy Five Participações Ltda, subsequently renamed Cerâmica KK Participações Ltda. On 31 October 2014, Cerâmica KK Participações Ltda acquired 100% of the issued share capital of Fênix Participações Societárias S.A.) which owns 36% of Fiori Cerâmica Ltda for cash consideration of £10,474,000 (subsequently adjusted in May 2015 to £10,335,000). Cerâmica KK Participações Ltda acquired the remaining 64% of the issued share capital of Fiori Cerâmica Ltda from private individuals for cash consideration of £18,620,000 (subsequently adjusted in May 2015 to £18,372,000). Goodwill of £16,824,000 arose on the acquisition.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

11. INVESTMENTS (continued)

The following table sets out the book values of the identifiable assets and liabilities acquired of Fiori Cerâmica Ltda and their fair values to the group:

	Book Value	Alignment of accounting policies	Fair Value Adjust- ments	Fair Value to group
	£'000	£'000	£'000	£'000
Fixed assets				
Intangible	-	-	6,880	6,880
Tangible	5,759	-	1,957	7,716
Other	2	-	-	2
Current assets				
Stocks	1,994	239	366	2,599
Debtors	2,059	318	-	2,377
Cash	949	-	-	949
Total assets	<u>10,763</u>	<u>557</u>	<u>9,203</u>	<u>20,523</u>
Liabilities	<u>(4,881)</u>	<u>(629)</u>	<u>(3,130)</u>	<u>(8,640)</u>
Net assets	<u>5,882</u>	<u>(72)</u>	<u>6,073</u>	<u>11,883</u>
Goodwill				<u>16,824</u>
				<u>28,707</u>
Net cash outflows in respect of the acquisition comprised:				
Cash consideration				28,707
Cash at bank and in hand acquired				(949)
				<u>27,758</u>

Cash consideration of £29,094,000 was paid on 31 October 2014; this was subsequently reduced on 11 May 2015 by £387,000 according to a contractual holdback adjustment. A further £3,010,000 of the consideration is held in escrow and will be adjusted and released in 2018-2021 according to contractual release provisions within the purchase agreement.

Fiori Cerâmica Ltda earned a profit after tax of BRL 5,332,000 for the 10 month period from 1 January 2014 until the date of acquisition (31 October 2014), and earned a profit after tax of BRL 7,010,000 for the 12 month period to 31 December 2013.

KOHLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

12. STOCKS

Group	2014 £'000	2013 £'000
Raw materials and consumables	7,064	7,189
Work in progress	1,143	1,162
Finished goods and goods for resale	14,135	8,299
	<u>22,342</u>	<u>16,650</u>

13. DEBTORS

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	39,390	-	32,100	-
Amounts owed by group undertakings	1,776	-	1,717	-
Corporation tax	353	-	2,065	-
Other debtors	108	-	117	-
Prepayments and accrued income	1,551	-	933	-
Deferred tax assets	389	-	874	-
	<u>43,567</u>	<u>-</u>	<u>37,806</u>	<u>-</u>
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due after more than one year:				
Amounts owed by group undertakings	94,070	-	97,055	-

14. DEFERRED TAXATION

Group	2014 £'000	2013 £'000
At 1 January	874	1,221
Movement in the year	(507)	(347)
Other movement	22	-
At 31 December	<u>389</u>	<u>874</u>

The deferred tax asset consists of the following amounts:

	£'000	£'000
Delayed capital allowances	217	630
Other timing differences	172	244
Total asset	<u>389</u>	<u>874</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	14,997	-	11,204	-
Amounts owed to group undertakings	1,894	-	14,295	4,461
Other creditors	2,317	-	2,384	-
Other taxes and social security	4,561	-	4,599	-
Accruals and deferred income	13,717	-	11,458	-
Short term debt	964	-	-	-
	<u>38,450</u>	<u>-</u>	<u>43,940</u>	<u>4,461</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts owed to group undertakings	137,739	137,739	130,189	130,189
Long term loan	1,525	-	-	-
	<u>139,264</u>	<u>137,739</u>	<u>130,189</u>	<u>130,189</u>

Amounts owed to group undertakings incur interest at a fixed rate of 2.27% and are repayable in 2016.

Long term loans incurs interest at rates varying from 3.0% to 9.0% and are repayable over the period 2016 - 2021.

17. BANK AND OTHER BORROWINGS

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Due within one year or on demand				
Bank loans and overdrafts				
Unsecured	964	-	-	-
	<u>964</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due after more than one year				
Bank loans				
Unsecured	1,525	-	-	-
	<u>1,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Borrowings	<u>2,489</u>	<u>-</u>	<u>-</u>	<u>-</u>

KOHLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

18. PROVISIONS FOR LIABILITIES

Group	Warranty £'000	Deferred Tax £'000	Total £'000
At 1 January 2014	1,202	-	1,202
Acquired	-	3,129	3,129
Charge/(credit) for the year	1,018	(144)	874
Utilised in year	(1,024)	-	(1,024)
Exchange difference	-	(107)	(107)
At 31 December 2014	1,196	2,878	4,074

The warranty provision relates to the expected costs of providing repairs and spares under warranty agreements given to customers. Warranty terms on average are two years for Mira brand products and five years for Kohler brand products.

19. SHARE CAPITAL

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
153,164,845 (2013 - 153,164,845) ordinary shares of £1 each	153,165	153,165

20. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

Group	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	153,165	37,299	(77,170)	113,294
Actuarial loss (net of deferred tax)	-	-	(2,974)	(2,974)
Loss for the financial year	-	-	(4,916)	(4,916)
Currency translation difference on foreign currency net investments	-	-	(682)	(682)
At 31 December 2014	153,165	37,299	(85,742)	104,722
Company	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	153,165	37,299	(97,538)	92,926
Loss for the financial year	-	-	(3,089)	(3,089)
At 31 December 2014	153,165	37,299	(100,627)	89,837

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

21. MINORITY INTERESTS

The group owns 85.07% of Kohler Showers Holdings Limited. The remaining 14.93% is owned by Powerwave UPS Limited. The minority interest in the consolidated profit and loss account represents Powerwave UPS Limited's share of the Kohler Showers Holdings Limited group results for the year to 31 December 2014. The minority interest in the balance sheet represents Powerwave UPS Limited's share of the Kohler Showers Holdings Limited group net assets as at 31 December 2014.

	Minority interest £'000
At 1 January 2014	13,046
Profit on ordinary activities after tax	1,453
Dividends paid	(1,616)
At 31 December 2014	12,883

22. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to net cash inflow from operating activities

	2014 £'000	2013 £'000
Operating profit	3,295	4,729
Exceptional costs	(3,480)	(2,850)
Depreciation	4,807	3,984
Impairment of fixed assets	-	551
Non-cash adjustment to fixed asset additions	-	567
Amortisation of goodwill	14,009	14,009
Amortisation of other intangible assets	168	
Loss on disposal of fixed assets	333	460
Increase in stocks	(3,182)	(684)
(Increase)/decrease in debtors	(2,680)	5,200
Decrease in creditors	(4,963)	(806)
Decrease in provisions	(7)	(146)
Decrease in pension liability	(417)	(4,034)
Net cash inflow from operating activities	7,883	20,980

Analysis of changes in net debt

	At 1 January 2014 £'000	Cash flow £'000	Acquisit- ion (exclud- ing cash) £'000	Other non cash move- ments £'000	Exchan- ge move- ments £'000	At 31 December 2014 £'000
Cash at bank and in hand	43,751	(28,237)	-	-	82	15,596
Debt due within one year	-	(76)	(920)	-	32	(964)
Debt due after more than one year	(130,189)	(62)	(1,515)	(7,550)	52	(139,264)
Net Debt	(86,438)	(28,375)	(2,435)	(7,550)	166	(124,632)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014
23. PENSIONS

The disclosures below have been prepared in relation to benefits payable from the Kohler Mira Pension Plan and the Kohler Mira Executive Pension Plan ("the Plans").

The Plans are funded schemes of the defined benefit type, providing retirement benefits based on final salary and CARE retirement benefits. The company also sponsors some money purchase sections. The assets and liabilities of these sections have been excluded from the following disclosures.

Regular monthly employer contributions to the Plans for the year starting on 1 January 2015 are estimated to be £1,200,000.

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 17 are set out below:

	2014 % per annum	2013 % per annum
Rate of increase in salaries	3.30	3.60
Discount rate	3.50	4.45
Expected rate of return on assets	3.50	5.98
Inflation assumptions - RPI	3.30	3.65
- CPI	2.30	2.65
Pension increases (final salary section of the Plans pre-April 2005) – LPI (5%)	3.20	3.40
Pension increases (final salary section of the Plans post-April 2005) – LPI (2.5%)	2.20	2.20
Pension increases (CARE section of the Plans) – CPI (2.5%)	1.90	2.00

Kohler Holdings employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Plan at 31 December 2014. The returns on equity and property asset classes for 2014 have been reduced to give an overall return on assets equal to the discount rate, in preparation for adoption of FRS102 in 2015.

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

	2014 %	2014 £'000	2013 %	2013 £'000	2012 %	2012 £'000
Equities	4.66	36,725	7.70	33,602	8.25	24,654
Property	3.66	4,015	7.20	3,564	7.25	3,521
Government bonds	2.20	32,355	3.60	25,761	4.40	24,898
Insured liabilities	3.50	405	4.45	406	5.25	395
Other	0.50	513	0.80	81	3.80	170
Total fair value of assets		74,013		63,414		53,638
Present value of scheme liabilities		(77,959)		(64,015)		(60,851)
Deficit in the scheme		(3,946)		(601)		(7,213)
Related deferred tax asset		790		121		1,660
Net pension deficit		(3,156)		(480)		(5,553)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

23. PENSIONS (continued)

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member who retires in 2034 aged 65 will live on average for a further 23.9 years (2013: 23.9 years) if they are male and for a further 25.7 years (2013: 25.7 years) if they are female.

Changes to the present value of the defined benefit obligation during the year

	2014 £'000	2013 £'000
Opening defined benefit obligation	64,015	60,851
Current service cost	650	763
Interest cost	2,868	2,828
Contributions by plan participants	442	435
Actuarial loss on plan liabilities*	11,104	402
Net benefits paid out	(1,343)	(1,558)
Past service cost	223	294
Closing defined benefit obligation	<u>77,959</u>	<u>64,015</u>

*Includes changes to the actuarial assumptions

Changes to fair value of plan assets during the year

	2014 £'000	2013 £'000
Opening fair value of plan assets	63,414	53,638
Expected return on plan assets	2,823	3,149
Actuarial gains on plan assets	7,386	2,980
Contributions by the employer	1,291	4,770
Contributions by plan participants	442	435
Net benefits paid out	(1,343)	(1,558)
Closing fair value of plan assets	<u>74,013</u>	<u>63,414</u>

Actual return on plan assets

	2014 £'000	2013 £'000
Expected return on plan assets	2,823	3,149
Actuarial gain on plan assets	7,386	2,980
Actual return on plan assets	<u>10,209</u>	<u>6,129</u>

History of asset values, defined benefit obligation and deficit in plan

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Fair value of plan assets	74,013	63,414	53,638	49,017	45,133
Defined benefit obligation	(77,959)	(64,015)	(60,851)	(57,892)	(50,267)
Deficit in plan	<u>(3,946)</u>	<u>(601)</u>	<u>(7,213)</u>	<u>(8,875)</u>	<u>(5,134)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

23. PENSIONS (continued)

Analysis of amount charged to operating profit

	2014	2013
	£'000	£'000
Current service cost	650	763
Past service cost	223	294
	<u>873</u>	<u>1,057</u>

Analysis of amount (charged to interest payable) /credited to interest receivable

	2014	2013
	£'000	£'000
Expected return on scheme assets	2,823	3,149
Interest on scheme liabilities	<u>(2,868)</u>	<u>(2,828)</u>
Net (charge)/credit	<u>(45)</u>	<u>321</u>

Analysis of amount recognised in statement of total recognised gains and losses

	2014	2013
	£'000	£'000
Experience gains arising on scheme assets	7,386	2,980
Experience gains arising on scheme liabilities	-	39
Changes in assumptions underlying the present value of the scheme liabilities	<u>(11,104)</u>	<u>(441)</u>
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses (STRGL)	<u>(3,718)</u>	<u>2,578</u>
Cumulative amount of losses recognised in STRGL	<u>(11,973)</u>	<u>(8,255)</u>

Analysis of movement in deficit during the year

	2014	2013
	£'000	£'000
Deficit in scheme at beginning of the year	(601)	(7,213)
Current service cost	(650)	(763)
Contributions	1,291	4,770
Past service cost	(223)	(294)
Other finance (expense)/income	(45)	321
Actuarial (loss)/gain	<u>(3,718)</u>	<u>2,578</u>
Deficit in scheme at end of the year	<u>(3,946)</u>	<u>(601)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

23. PENSIONS (continued)

History of experience gains and losses

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Difference between expected and actual return on scheme assets:					
- Amount	7,386	2,980	(180)	623	2,490
- Percentage of scheme assets	10.0%	4.7%	(0.3%)	1.3%	5.5%
Experience gains/(losses) on scheme liabilities:					
- Amount	-	(39)	571	(102)	127
- Percentage of the present value of the scheme liabilities	N/A	(0.1%)	0.9%	(0.2%)	0.3%
Total amount recognised in statement of total recognised gains and losses:					
- Amount	(3,718)	2,578	(168)	(4,777)	898
- Percentage of the present value of the scheme liabilities	(4.8%)	4.0%	(0.3%)	(8.3%)	1.8%

The company also pays contributions to the defined contribution sections of the Plans in line with the rules of the respective Plans. The pension cost for the year amounted to £960,000 (2013 - £749,000).

24. COMMITMENTS

Capital commitments at 31 December 2014 and 2013 for which no provision has been made in these financial statements were as follows:

	2014 £'000	2013 £'000
Contracted but not provided for	1,016	1,310
Authorised but not contracted for	647	3,112
	<u>1,663</u>	<u>4,422</u>

The annual commitment under non-cancellable operating leases was as follows:

	2014		2013	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Expiry date:				
- within one year	46	167	123	102
- between two and five years	548	456	511	495
- after five years	199	-	210	-
	<u>793</u>	<u>623</u>	<u>844</u>	<u>597</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

25. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under Financial Reporting Standard 8 – Related Party Disclosures – not to disclose related party transactions with other Kohler Co. group undertakings that are owned 100% within the group.

26. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

In the directors' opinion the company's immediate and ultimate parent company and controlling party is Kohler Co., which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. Kohler Co. is registered in Wisconsin, USA.

The largest group of which the company is a member and for which consolidated financial statements are prepared is Kohler Co.

The smallest group of which the company is a member and for which consolidated financial statements are prepared is Kohler Holdings Limited. Copies of the group financial statements can be obtained from EMEA Corporate Services, 4 Carter Court, Davy Way, Waterwells Business Park, Quedgeley, Gloucester, GL2 2DE.