

Havells Sylvania UK Limited

Annual Report and Financial Statements

31 December 2014

Company Information

Registered No. 487252

Directors

Y Bansal
A Everett (resigned 26/06/14)
M Kaushik (resigned 22/01/15)
M Carpenter
J Storey
C Schraft (appointed 10/01/14)
P Walsh (appointed 22/01/15)

Auditors

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton SO14 3QB

Bankers

Deutsche Bank AG
Rossmarkt 18
D-60311 Frankfurt
Germany

HSBC Bank Plc
HSBC House
Mitchell Way
Southampton
Hampshire
SO18 2XU

Solicitors

DLA Piper
3 Noble Street
London EC2V 7EE

Registered Office

Avis Way
Newhaven
East Sussex BN9 0ED

Strategic Report

Registered No. 487252

The directors present their strategic report for the year ended 31 December 2014.

Principal activities and review of business

The company's principal activity is the sale of lighting products, for which it earns a commission from its immediate parent company, Havells Sylvania Europe Limited.

The company keeps pace with the market place trends for low energy, longer life, and increasingly innovative products. The company employs a number of initiatives to reduce impact on the environment. These include the reduction of CO2 emissions by sourcing more energy efficient products, better waste management and continuing to supply products with better efficiency sustainability and longer product life cycle.

The company is fully committed to the requirements of the WEEE Directive and is a member of a compliance scheme which has been approved by the Environment Agency for the recycling of materials.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2014	2013	Change
	(£000)	(£000)	%
Turnover (Commission)	9,776	9,561	+2.3
Operating Expenses	(9,366)	(8,796)	+6.3
Operating Profit	327	384	-9.6
Net Assets	4,197	2,946	+42.5
Average Number of Employees	128	135	-5.2
Commission per sales head	119.2	109.9	

The above KPI's are considered to be satisfactory for the current period.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of changes in, competition risk, liquidity risk and interest rate risk.

Competition

The company operates in a highly competitive market particularly around price and innovation. To mitigate this risk the company continuously monitors the market to assist in pricing decisions, keeping pace with the trend to supply low energy, longer life and innovative products.

Liquidity risk

Long term debt finance is provided and maintained by the company's parent group, whilst the company actively manages its short-term debt finance, which combined with the group's long-term funding positions ensures that the company has adequate funds available for its operations and planned expansion.

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include bank and cash balances, which earn interest at fixed rate. The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Strategic Report

Registered No. 487252

Future developments

Continuing high energy prices and greater environmental awareness are leading to increased demand for energy efficient products. The company aims to meet this demand through sourcing suitable product benefiting from the Havells Sylvania group investment in continuous product development.

By Order of the board



Yogesh Bansal

Director

Date: 30/03/2015

Directors' report

Registered No. 487252

The Directors present their report and financial statements for the year ended 31 December 2014.

Directors

The directors who served the company during the year and those appointed subsequently were as follows:

Mr C Schraft (appointed 10 January 2014)

Mr Y Bansal

Mr A Everett (resigned 26 June 2014)

Ms P Walsh (appointed 22 January 2015)

Mr M Kaushik (resigned 22 January 2015)

Mr M Carpenter

Mr J Storey

Results and dividends

The profit for the year after taxation amount to £1,251,000, (2013 – profit after taxation of £430,000). The directors do not recommend the payment of a dividend (2013 - £nil)

Going concern

The company is part of the Havells Sylvania group and is consolidated into the Havells Malta Limited group financial statements. The company has issued cross guarantees and partakes in cash sweeping with other subsidiaries of Havells Malta Limited.

The directors of the company, having made appropriate enquiries, have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The company 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 company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board



Yogesh Bansal

Director

Date: 30/03/2015

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that are sufficient to show and explain the company's transaction 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 auditors' report

to the members of Havells Sylvania UK Limited

We have audited the financial statements of Havells Sylvania UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 and Financial Statements 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 the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Havells Sylvania UK Limited

Matters on which we are required to report by exception

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

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

Ernst & Young US

David Marshall (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

Date: *1/4/2015*

Profit and Loss Account

For the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Turnover	2	9,776	9,561
Cost of sales		(83)	(381)
Gross Profit		<u>9,693</u>	<u>9,180</u>
Operating expenses	3	(9,366)	(8,796)
Operating Profit	4	327	384
Interest receivable	7	66	72
Interest payable	8	(2)	(5)
Profit on ordinary activities before taxation		<u>391</u>	<u>451</u>
Tax	9	860	(21)
Profit for the financial year	16	<u><u>1,251</u></u>	<u><u>430</u></u>

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2014

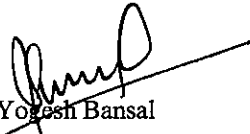
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,251,000 in the year ended 31 December 2014 (2013 – profit of £430,000).

Balance Sheet

As at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	10	95	111
Investments	11	-	-
		95	111
Current assets			
Debtors	12	8,500	6,858
Cash at bank and in hand		60	-
		8,560	6,858
Creditors: amounts falling due within one year	13	(4,458)	(4,023)
		4,102	2,835
Net current assets		4,102	2,835
Total assets less current liabilities		4,197	2,946
Net assets		4,197	2,946
Capital and reserves			
Called up share capital	14	12,878	12,878
Share premium account	15	3,360	3,360
Capital contribution	15	4,700	4,700
Profit and loss account	15	(16,741)	(17,992)
		4,197	2,946
Shareholders' funds	16	4,197	2,946

These financial statements have been approved for issue by the Board of Directors, and signed for on their behalf by:


 Yogesh Bansal
 Director

Date: 30/03/2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements of Havells Sylvania UK Limited were approved for issue by the Board of Directors on the date as shown on the Balance Sheet.

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the year, are as set out below.

Going concern

The company is part of the Havells Sylvania group and is consolidated into the Havells Malta Limited group financial statements. The company has issued cross guarantees and partakes in cash sweeping with other subsidiaries of Havells Malta Limited.

The directors of the company having made appropriate enquires have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Statement of cash flows

The company is a wholly owned subsidiary undertaking of Havells Sylvania Europe Limited and is included in the consolidated financial statements of Havells Malta Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement, in accordance with FRS 1 (revised 1996).

Turnover

Turnover comprises the income from the supply of goods and services to customers less returns, VAT, discounts and rebates in the normal course of business. Income from the supply of goods is recognised as soon as all substantial rights and risks relating to the title to the goods are transferred to the customer.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Tangible fixed assets

All tangible fixed assets are shown at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life, as follows:

Plant and machinery and furniture and fittings – 6% to 33% pa (straight line)

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Pensions

The Havells Malta Limited group operates a defined benefit pension scheme in the UK called the Sylvania Lighting Pension Plan (the Plan). The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

The Plan is a “multi-employer” scheme providing pension benefits for three participating subsidiaries in the UK. The Company is unable to readily identify its share of the underlying assets and liabilities in the Plan on a consistent and reasonable basis. The information regarding the Plan’s financial position is therefore in respect of the Plan as a whole and does not indicate the liability, or share thereof, of the Company alone. Therefore in accordance with FRS 17 the company has accounted for the pension scheme as a defined contribution scheme. Details of the pension scheme are disclosed in note 17.

In accordance with the provisions of paragraph 12 of FRS 17 the net defined benefit pension liability is recognised in the group financial statements of an intermediate holding company Havells Malta Limited.

The company has previously also operated a defined contribution pension scheme, this was wound up in the year and replaced with a Group Personal Pension Plan. Contributions are charged in the profit and loss account on an accruals basis in accordance with the rules of the scheme.

Financial Instruments

The company’s financial instruments comprise trade debtors, trade creditors, cash, bank loans and overdrafts and loans to and from other group companies.

Recognition and derecognition

Financial instruments are recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are removed from the balance sheet when the rights to the cash-flows from the asset expire or when the risks and rewards of ownership of the asset are transferred or when control of the asset is transferred from the company.

Financial liabilities are removed from the balance sheet when the related obligation is discharged, cancelled or expires.

2. Turnover

All turnover originates from the United Kingdom.

All turnover is to fellow subsidiary undertakings. Turnover relates to commission on the continuing activity of the sale of lamps and fixtures.

3. Operating expenses

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Sales and Marketing	7,129	5,519
Administration costs	2,237	3,277
	<u>9,366</u>	<u>8,796</u>

Notes to the financial statements

at 31 December 2014

4. Operating Profit

This is stated after charging:

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Auditors' remuneration – audit of financial statements	35	33
Depreciation on tangible fixed assets	44	89
Other Operating leases	298	329
Land and Building Operating Leases	231	205
	<u> </u>	<u> </u>

5. Staff costs

(a) Staff Costs

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	5,525	5,221
Social security costs	591	569
Other pension costs	347	439
	<u> </u>	<u> </u>
	6,463	6,229
	<u> </u>	<u> </u>

The pension costs include £182,000 (2013 – £165,000) in respect of payments made to the defined contribution scheme and group personal plan.

The average number of employees, including directors, employed by the company during the year was as follows:

	<i>2014</i>	<i>2013</i>
	<i>No.</i>	<i>No.</i>
Production and warehousing	27	31
Sales	82	87
Management and administration	19	17
	<u> </u>	<u> </u>
	128	135
	<u> </u>	<u> </u>

6. Directors' Remuneration

	<i>2014</i>	<i>2013</i>
	<i>€000</i>	<i>€000</i>
Aggregate emoluments in respect of qualifying services:		
Salary including benefits in kind	95	-
Pension contributions	6	-
	<u> </u>	<u> </u>
	101	-
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing under the defined contribution scheme is 1 (2013 – £nil).

Notes to the financial statements

at 31 December 2014

7. Interest receivable

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Group interest receivable	66	72
	<u>66</u>	<u>72</u>
	<u><u>66</u></u>	<u><u>72</u></u>

8. Interest payable

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Group interest payable	2	5
	<u>2</u>	<u>5</u>
	<u><u>2</u></u>	<u><u>5</u></u>

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
<i>Current tax:</i>		
UK corporation tax	17	17
Prior year adjustment	(485)	4
	<u>(468)</u>	<u>21</u>
Current tax charge/(credit)	(468)	21
Deferred tax charge/(credit)	(392)	-
	<u>(860)</u>	<u>21</u>
Total tax charge/(credit)	<u><u>(860)</u></u>	<u><u>21</u></u>

The prior year adjustment includes £480,000 credit (2013 - £nil) relating to the waiver of group relief balances due to other group entities.

Notes to the financial statements

at 31 December 2014

9. Tax (Continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	391	451
Profit on ordinary activities multiplied by applicable rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	84	105
<i>Effects of:</i>		
Expenses not deductible for tax purposes	38	52
Accelerated capital allowances/other timing differences	(9)	(42)
Tax losses utilised	(96)	(98)
Prior year adjustment	(485)	4
Current tax charge/(credit) for the year	(468)	21

(c) Deferred tax

The recognised deferred tax provision/(asset) is as follows:

	2014 £000	2013 £000
At 1 January 2014	-	-
Charge/(credit) in the year	(392)	-
At 31 December 2014	(392)	-

The company has tax losses of £4,186,000 (2013 – £4,632,000) to carry forward. The company has recognised part of these losses as a deferred tax asset above based on future profit forecasts.

Details of unrecognised deferred tax assets are as follows:

	2014 £000	2013 £000
Decelerated capital allowances	(308)	(259)
Losses carried forward	(455)	(1,247)
Unrecognised deferred tax (asset)	(763)	(1,506)

Notes to the financial statements

at 31 December 2014

9. Tax (Continued)

(d) Factors that may affect future tax charges

Future tax charges will be impacted by the availability of tax losses carried forward and decelerated capital allowances, as detailed above.

The UK tax rate was 21% at 31 December 2014 but will fall to 20% from 1 April 2015. At 31 December 2014, a reduction to 20% from 1 April 2015 had been substantively enacted and deferred tax falling after 1 April 2015 has been calculated at 20%.

10. Tangible fixed assets

	<i>Plant and Machinery</i> £000	<i>Furniture and fittings</i> £000	<i>Software</i> £000	<i>Total</i> £000
Cost:				
At 1 January 2014	88	470	1	559
Additions	16	11	1	28
Disposal	-	(145)	-	(145)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	104	336	2	442
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 January 2014	24	424	-	448
Charge for the year	14	30	-	44
Disposal	-	(145)	-	(145)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	38	309	-	347
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount:				
At 31 December 2014	66	27	2	95
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2014	64	46	1	111
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

at 31 December 2014

11. Investments

	<i>Shares in group undertakings</i>
Cost;	(£)
At 1 January 2014 and 31 December 2014	8
Provision:	-
At 1 January 2014 and 31 December 2014	(8)
Net book value at 1 January 2014 and 31 December 2014	-

The directors consider the carrying value of the investments to be supported by their underlying net assets.

<i>Name of undertaking</i>	<i>Proportion of voting rights and ordinary share capital held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
HS Turkey Elektrik Urunleri Tic.Sti	0.05%	Turkey	Lighting Products

12. Debtors

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by group undertakings	7,743	6,560
Other debtors	24	29
Prepayments and accrued income	341	269
Deferred tax asset	392	-
	<u>8,500</u>	<u>6,858</u>

Amounts due from Group undertakings are interest bearing at a market rate and have no fixed repayment date.

Notes to the financial statements

at 31 December 2014

13. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank overdraft	-	11
Trade creditors	637	379
Amounts owed to group undertakings	463	584
Amounts payable for group relief	30	501
Other taxes and social security	2,089	1,517
Accruals and deferred income	1,239	1,031
	<u>4,458</u>	<u>4,023</u>

Included in accruals and deferred income are amounts of £30,000 (2013 – £25,000) due to the group personal pension plan.

Amounts owed to group undertakings include balances that bear interest at a market rate and have no fixed repayment date.

14. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2014</i>	<i>No.</i>	<i>2013</i>
		<i>£000</i>		<i>£000</i>
Ordinary shares of £1 each	12,878,080	12,878	12,878,080	12,878
		<u>12,878</u>		<u>12,878</u>

15. Movements on reserves

	<i>Share premium account £000</i>	<i>Capital contribution £000</i>	<i>Profit and loss account £000</i>
At 1 January 2014	3,360	4,700	(17,992)
Profit for the year	-	-	1,251
At 31 December 2014	<u>3,360</u>	<u>4,700</u>	<u>(16,741)</u>

16. Reconciliation of shareholders' funds

	2014 £000	2013 £000
Profit for the financial year	1,251	430
Opening shareholders' funds	2,946	2,516
Closing shareholders' funds	<u>4,197</u>	<u>2,946</u>

Notes to the financial statements

at 31 December 2014

17. Pension commitments

The company participates in the Sylvania Lighting Pension Plan, which is a defined benefit pension scheme. The assets of the Plan are held in a separate trustee administered fund. The scheme was closed to new members in 2001.

On 31 August 2010 the defined benefit pension scheme was closed to future accrual and members transferred to defined contribution schemes with effect from 1 September 2010.

The trustees of the Sylvania Lighting Pension Plan have received legal advice to the effect that CPI should be used as the increase percentage for all post 1 January 2011 increases to pensions in payment and deferment under the Plan, which would have previously increased in line with RPI, due to the wording in the Trust Deed and Rules. As such, we have used a CPI assumption for revaluation in deferment and pensions in payment when valuing the liabilities. Therefore no salary link to past service has been made in the principal assumptions, made to estimate the deficit.

The Sylvania Lighting Pension Plan is a “multi-employer” scheme providing pension benefits for three participating subsidiaries of the Havells Malta Limited group in the UK. The Company is unable to readily identify its share of the underlying assets and liabilities in the Plan on a consistent and reasonable basis. The information regarding the Plan’s financial position is therefore in respect of the Plan as a whole and does not indicate the liability, or share thereof, of the Company alone. However, the actuary’s recommendations in respect of the deficit including additional annual contributions by the company, as described below, to eliminate the deficit is a real cost to the Company.

The Plan actuary has provided the following estimate of the Plan deficit following the guidance in FRS 17 as at 31 December 2014. The estimate is based on the data and results of the latest full valuation as at 5 April 2013, applying the principal assumptions shown below:

	<i>2014</i>	<i>2013</i>
Discount rate	3.60%	4.70%
Rate of increase in non-GMP pensions in payment	1.90%	2.20%
Salary increases	N/A	N/A
Inflation	1.90%	2.20%

Life expectancy rates at the balance sheet date for scheme members aged 65:

	<i>2014</i>	<i>2013</i>
Male	21.2	21.2
Female	23.4	23.4

Life expectancy rates 20 years after the balance sheet date for scheme members aged 65.

	<i>2014</i>	<i>2013</i>
Male	22.6	22.5
Female	24.9	24.9

Notes to the financial statements

at 31 December 2014

17. Pension commitments (continued)

Assets are marked to market at 31 December 2014 and liabilities are calculated using the projected unit method. The calculation does not therefore allow for any of the effects of the Plan's experience, except for its investment performance. The actuary estimates the Plan deficit at 31 December 2014 to be approximately £2,969,000 (2013 – £1,281,000), which is the deficit for the multi-employer Plan as a whole, as discussed above, and does not arise in respect of the Company alone.

An additional annual contribution of £1,200,000 is being made in order to eliminate the deficit over a period of 10 years, from June 2014.

The cost is being met by Havells Sylvania Fixtures UK Ltd, Havells Sylvania UK Ltd and Havells Sylvania Europe Ltd in proportion to the membership of the scheme.

The following additional information is provided in respect of the group scheme:

Scheme assets and expected rate of return

	<i>Long term rate of return expected at 31 December 2014</i>	<i>Value at 31 December 2014 £000</i>	<i>Long term rate of return expected at 31 December 2013</i>	<i>Value at 31 December 2013 £000</i>
Equities	5.80%	19,620	7.00%	18,316
Gilts	2.40%	27,920	3.60%	22,182
Bonds	3.80%	2,397	4.80%	2,301
Cash	1.80%	87	2.20%	170
Property	4.40%	2,796	5.60%	2,412
Diversified Growth	5.30%	2,396	6.50%	2,355
Total market value of assets		55,216		47,736
Present value of scheme liabilities		(58,185)		(49,017)
Deficit in the scheme		(2,969)		(1,281)

Reconciliation of present value of scheme liabilities

	<i>2014 £000</i>	<i>2013 £000</i>
1 January	49,017	44,897
Interest cost	2,264	2,028
Benefits paid	(1,707)	(1,641)
Actuarial loss	8,611	3,733
31 December	58,185	49,017

Notes to the financial statements

at 31 December 2014

17. Pension commitments (continued)

Reconciliation of fair value of scheme assets

	2014	2013
	£000	£000
1 January	47,736	42,176
Expected return on scheme assets	2,470	2,315
Contributions paid	1,200	1,204
Benefits paid	(1,707)	(1,641)
Actuarial gain	5,517	3,682
31 December	<u>55,216</u>	<u>47,736</u>

The actual return on plan assets in the year was a gain of £7,987,000 (2013 – gain of £5,997,000).

Analysis of the amount that would have been charged/(credited) to the profit and loss account is as follows:

	2014	2013
	£000	£000
Expected return on pension scheme assets	(2,470)	(2,315)
Interest on pension scheme liabilities	2,264	2,028
	<u>(206)</u>	<u>(287)</u>

History of experience gains and losses

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Defined benefit obligation	(58,185)	(49,017)	(44,897)	(43,574)	(39,478)
Plan assets	55,216	47,736	42,176	37,499	37,147
Deficit	<u>(2,969)</u>	<u>(1,281)</u>	<u>(2,721)</u>	<u>(6,075)</u>	<u>(2,331)</u>
Experience adjustments on plan assets	5,517	3,682	3,004	(1,864)	1,723
Experience adjustments on plan liabilities	8,611	3,733	827	3,286	(4,603)
Total amount that would have been recognised in statement of total recognised gains and losses:	<u>(3,094)</u>	<u>(51)</u>	<u>2,177</u>	<u>(5,150)</u>	<u>6,326</u>

Notes to the financial statements

at 31 December 2014

17. Pension commitments (continued)

Defined contribution scheme

The cost of contributions to the Group Personal Pension Plan and defined contribution schemes amounts to £182,000 (2013 – £165,000).

18. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	2014		2013	
	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	145	-	65	-
Between two and five years	153	249	264	205
	<u>298</u>	<u>249</u>	<u>329</u>	<u>205</u>

19. Contingent liabilities

Following the acquisition by Havells India Limited, the shares of the company are placed as security for the bank loans taken out by the group to fund the acquisition.

20. Related party transactions

As a wholly owned subsidiary of the ultimate parent company, Havells India Limited, for which consolidated financial statements are prepared and are publicly available, advantage has been taken of the exemption afforded by FRS 8 "Related party transactions" not to disclose any related party transactions with other wholly owned subsidiaries within the group.

21. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Havells Sylvania Europe Limited, a company incorporated in the United Kingdom.

The company's results are consolidated within the financial statements of Havells Malta Limited, a company incorporated in Malta. These group financial statements are the smallest financial statements incorporating the results of the company that are publicly available. Copies of the Havells Malta Limited financial statements can be obtained from The Registrar of Companies, Malta Financial Services, Notabile Road, Attard, Malta.

The ultimate parent company and controlling party is Havells India Limited, a company incorporated in India. The directors consider Havells India Limited to be the controlling party by virtue of its controlling interest in the company's share capital. The financial statements of Havells India Limited are the largest financial statements which incorporate the results of the company that are publicly available. Copies of the Havells India Limited financial statements can be obtained from Havells India Limited, 1/7 Ram Kishore Road, Civil Lines, Delhi 110054, India.