AGA RANGEmaster
Group plc

ANNUAL REPORT & ACCOUNTS 2013

At AGA Rangemaster we are the experts in range cooking We pride ourselves on our British heritage and over decades we have built a reputation for iconic design and quality

Our continued strength is largely down to innovations that have allowed the range cooker to adapt to modern living These developments have opened up opportunities at home and in international markets and have helped transform the kitchen from being just a workspace to the focal point of the home

Design and innovation from Britain

FINANCIAL HIGHLIGHTS

Group revenue

£250.4m
(2012 £244 6m)

EBITDA before non-recurring costs

£11.7m
(2012 £10 8m*)

Operating profit

£8.2m
(2012 £6 5m)

Profit before tax

£1.1m
(2012 £1 7m*)

*restated

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- AGA cooker sales volumes grew 10% in 2013 with electric cooker models now representing 70% of sales
- Rangemaster orders were just ahead of the prior year, while the other cooker brands overall were slightly lower
- Fired Earth sales were up over 5% in 2013 and order intake has accelerated further Grange revenues were down 8%
- Our new product programmes in place for 2014 show the range cooker as an urban product where it is a distinctive alternative to the built-in models
- First accreditation received for new Rangemaster product designed for Chinese market Launch now in preparation

to apply around the world

AT A GLANCE

We believe that we have the right products, brands and routes to market to achieve sustained growth by taking our British range cooker story to wider geographic markets We have committed consistently substantial resources to product development and this is reflected in the strong portfolio of exciting products we have been bringing to market We have the manufacturing and distribution capabilities to support our growth plans

We are home to leading brands in the appliance

COOKING

AGA is the iconic heritage brand which has adapted to 21st century living Electric models account for over two thirds of sales - where as they accounted for 5% in 2003 The modern technology has increased flexibility - being *on when you want it off when you don t'* The factory finished AGA Total Control in particular adds to the brand s international appeal The Dual Control introduced in mid 2013 attracts existing owners trading up to a modern model as the ovens are on one system and can be left on in the traditional way but the hot plates operate separately reducing running costs significantly Cast iron cookers with boilers are also made under the Rayburn Redfyre and Stanley brands

Rangemaster is the UK s leading range cooker brand with its product quality underpinning the theme of *built from experience* Rangemaster's features and benefits ensure it dominates formats from 90cm to 120cm It has become a wider UK appliance brand Strong growth has been achieved on the Continent The premium Falcon and Mercury brands help segment the market

La Cornue is the French equivalent of AGA and its product offering provides centre pieces to kitchens that make a statement about style luxury and cooking quality

and home fashions sectors

REFRIGERATION

AGA Marvel manufactures and sells undercounter refrigeration for indoor outdoor and professional style kitchens The premium Professional Series leads the way with elegant styling smart shelving and superior performance Our factory is in Greenville Michigan We also have a range of premium full size refrigeration product available to complement our key cooker brands 2014 sees us introduce a completely new cabinet design meeting the latest efficiency regulations

LIFESTYLE

Fired Earth is home to style and design in floor and wall tiles Its new tile and bathroom catalogues reconfirm its market and trend-setting status It has a UK national retail chain of over sixty shops with a fast developing network in Greater London in areas such as Clapham Richmond, Islington, Dulwich and Blackheath The online presence is now expanding quickly

Grange is the French furniture manufacturer with a global footprint Its factories are in France and in Romania My Grange technology enables consumers to have more input into the design choice in terms of colour finish fabrics and fittings It makes kitchen and bathroom furniture for Fired Earth

Divertimenti and AGA Cookshop provide an impressive and comprehensive offering of cookware kitchenware and tableware to complement our range cookers and appliance portfolio Online sales are fast increasing

AGA MARVEL

In 2010 we built an entirely new facility in Greenville Michigan which included a research and development facility Since then we have successfully launched a new range of products We have now re-engineered our cabinets and invested in new foaming machines to produce a far more efficient and standardised refrigeration cabinet The paint facility is state of the art The introduction of new sector changing regulations provides major opportunities for us

OUR MARKETS

We sell at the premium end of our markets using own retail for some lines as well as dealers through a multiple of channels Nearly two thirds of our sales are in the UK Demand is closely linked to the number of house moves as expenditure on the kitchen is at a peak after people move house We have developed platforms on the near continent and in North America We look to new markets like China, Russia and Germany as markets with great potential

Our brands are aspirational attracting

AGA Rangemaster focuses on consumers wanting to invest to give a heart and soul to their homes This means that the level of housing transactions in markets in which we operate are of particular importance

The level of monthly UK mortgage approvals was at the highest for nearly 6 years by the end of 2013 at over 70 000 The twelve month rolling approvals were 61 000 compared with 51 000 a year earlier House prices have recovered and are strong in the South East With some time lag demand for appliances should pick up The US Housing Market Index has shown steady improvement through 2013

With continuing stimuli being given to the housing market, the level of activity can be expected to be appreciably higher in 2014 and thereafter

We expect cooker market volumes - which were only slightly up in 2013 - to increase more rapidly in 2014 in response to the improved level of housing transactions

During the long downturn in the UK and US housing markets the Group invested ahead of the curve to have available a modern product offering

new audiences in international markets

Since 2008 the Group has updated and upgraded its range and still has an exciting pipeline of new products For example over 50% of sales of AGA cookers in 2013 were of products not launched before June 2011

During 2013 the Group introduced the AGA Dual Control cooker which complements the AGA Total Control cooker which was launched in 2011, and appeals in particular to existing owners used to having their AGA on over sustained periods Together these products are enabling us to simplify our international offering to put the onus on a straightforward proposition of a range that is easy to install, run and maintain and which offers unequalled food quality

For Rangemaster the move to add more contemporary styling continues and in 2014 we will see the launch of the Nexus following the introduction of the Hi-LITE in autumn 2013 The Rangemaster 1200 Dual Fuel is the first of our products to gain sales accreditations for China The new burner system, developed for the Chinese product has a wok burner that allows for up to 90% turndown providing simmer capability and will come out later this year in international markets It will show how to combine the highest expectations of eastern cooking styles with the best of the European oven technology

In North America there are new regulations that come into force in September 2014 that materially alter the refrigeration market Our work to address these new requirements has seen us overhaul our product line up and will widen our addressable markets

In the UK we know that consumers are attracted to our brands and they have a reputation for design and quality as well as functionality, bringing consumers to our product offering Fired Earth and Grange are home to great design and they work to ensure that we continue to attract new audiences because of this reputation The products often work well with the appliances the Group manufactures

The Group has some good base positions in international markets often with longstanding dealers With the products now available it is crucial that there is the committed and informed approach to selling that the work on product already undertaken warrants We have strengthened our sales team internationally in recent months to ensure we are positioned to achieve the growth expected in strengthening markets

BUSINESS MODEL AND STRATEGY

We have a formidable brand portfolio, iconic in cooking and home fashion markets led by AGA, Rangemaster, La Cornue, Marvel, Fired Earth and Grange brands We have committed substantial resources to bringing to market modernised products ready for a reviving UK market and to attract new international audiences We will be adding important new lines during the current year We have a manufacturing tradition that is at the forefront in modern techniques of process control We have capacity available to meet significant upturn in demand

Our strategy is to be at the heart of kitchen living

OUR BUSINESS MODEL

AGA Rangemaster sets out to be an international leader in range cooking and to have a wider range of appliance and kitchen products to reinforce the attractions of having a range cooker at the heart of the home In a changing marketplace we are adapting our product and business model to be in a position to make the most of the new opportunities

STRATEGIC OBJECTIVES	2013 PROGRESS
GROWTH	
To grow sales of our primary brands AGA and Rangemaster	The new generation of AGA cookers launched since mid 2011 now represent around half of AGA cookers sales Rangemaster traded in line with the range cookers market while continuing to grow internationally Progress made is discussed further on pages 10 and 11
INTERNATIONAL SALES	
To grow international sales to 50% of revenue	International sales in 2013 were 37% of revenue (2012 37%) AGA Marvel had a stronger year and has significant capacity to support expansion in North America Our continental activities progressed further and we extended our distributor structures notably into Germany and Russia
PROFITABILITY	
To improve the returns of Fired Earth and Grange	Fired Earth returned to profit for the first time for some years Grange expects to do so in 2014 as rationalisation exercises in 2013 take effect
RETURN ON SALES	
To improve the return on sales to the 10% target	In 2013 operating return on sales increased to 3 3% from 2 7% - on sales up 2 4%
EFFICIENCY	
To manage costs through efficiency improvements rationalisation and international sourcing	The cost savings realised during the 2008 - 2013 downturn totaled £17 million

FUTURE PLANS

Existing owners trading up is a growing part of the AGA business We expect the continuing new product introductions to keep the brands profile high in existing and new markets

In 2014 we expect to see the launch of our products in China which is the culmination of two years work and should open up new markets in the region

Fired Earth s good order intake assisted by its new tile and bathroom catalogues show prospects have improved appreciably A relaunch of Grange was made at the start of 2014 focusing on 'My Grange

The return on sales target remains 10% for the Group - levels achieved by the major constituent parts of the Group across economic cycles

Further plans to make best use of our facilities are under consideration

Our aim is to provide beautiful quality products which customers want to have in their home We believe today's family like to make the kitchen the hub for their activities The AGA cooker has long epitomised that idea and in its modernised, more flexible form can provide the best approach for a wider audience

We see manufacturing skills as key not only to our own product but support for our penetrative analysis of the sourcing of components and finished goods This is highlighted in the Rangemaster campaign showing our product is *built from experience*

Brands like AGA and La Cornue have narrow retail distribution some of which we own directly - whereas Rangemaster has wider distribution We have comprehensive programmes to support the sales structures across our routes to market both at home and in our growing international networks

We support all our brands with strong and often high profile marketing Our demonstration sponsorship and social media activities back traditional sales work Much of the work to generate interest and leads in one market now has international resonance *Who polishes the sun* the current UK advertising campaign for AGA is of relevance in all our developing markets

STRATEGIC PROGRESS, HERITAGE AND VISION

AGA Rangemaster is home to world leading range cookers with a great British manufacturing heritage The modernisation of AGA Rangemaster has taken traditional products and provided a vision for today's consumers looking for a focal point to their kitchen

Designs for a modern world...

AGA Rangemaster has a great heritage - being involved in some pivotal innovations Success now comes from channeling that know how into products relevant to life today - always with a thought to what happens next Some of the most noteworthy links of past and present are set out here

Abraham Darby and AGA Cookshop
AGA Cookshop s range includes cast iron cooking pots made in the foundry of Abraham Darby who obtained a patent from Queen Anne in 1707 to make his cooking pots by smelting iron ore with coke The technique triggered the industrial revolution and the AGA foundry forms part of a world heritage site The objective was to make high quality cookware for the domestic market reducing the need for imports and then to export the products It remains the plan - as well as an 18th century statement of public policy that is relevant today

The Great Exhibition and AGA Rangemaster
The Group supports public/private collaborations like the Great Campaign and Idea Birmingham which highlight British design and innovation In 1851 the Kitchener the first range cooker made in the Group s factory in Leamington Spa and invented in 1830 by Sidney Flavel separating the heat source from cooking pots ending the problem of sooty food was a gold medal winner at the Great Exhibition The modern Kitchener was Rangemaster s highest volume line in 2013 and is made in the same factory In 1900 a Kitchener was owned by the Emperor of Germany Germany is a key target market for Rangemaster today

The team of W T Wren, AGA and *'the Heart of the Home'*
The modern idea of kitchen living was developed in the 1930 s by the remarkable cross disciplinary team of W T Wren the managing director of AGA Heat As the housewife replaced the maid and the cook in the kitchen, the children came too and more space was needed for family life A complete culture around cooking and recipes took hold It contrasted with the Frankfurt built-in kitchen which deliberately isolated the cook from the rest of the family The AGA kitchen designs of Dorothy Braddell for the AGA London showroom were ground breaking Having a range to provide the focus for family life in the kitchen remains an anchor theme for selling both AGA and Rangemaster cookers - contrasting with the often utilitarian feel of built-in appliances

building on our heritage

From Otto to Cara
Home heating from AGA Rayburn and the stoves from AGA Heat were designed to be efficient and economical W T Wren s team included the great designers and engineers Raymond Loewy and Douglas Scott - known respectively for the Greyhound and Routemaster buses They devised the Rayburn launched in 1946 to provide cooking hot water and central heating The team also included Carl Otto whose Otto stove launched in 1937 set new efficiency and economy standards These solid fuel products gained international recognition Now from the newly refurbished Waterford factory and with a new generation of efficient stoves led by the Cara insert stove the heating tradition of the Group is set for a resurgence

Fired Earth and Transport for London tiles
Transport for London asked Fired Earth to investigate its tile archive and produce a portfolio of some of its signature tiles Fired Earth can now provide tiles with well known underground messages and station names - to be found in its growing network of London stores

RANGEMASTER

Rangemaster technical expertise in metal fabrication was seen in the in-house creation of a new single piece base frame for all the cookers It replaced 12 components and related assembly and welding It provides the rigidity that underlies the quality feel of the cookers The cookers are now assembled from the base frame up Rangemaster has also developed a break through single piece hob Across the range these initiatives show Rangemaster is *built from experience*

CHAIRMAN'S STATEMENT

2013 saw the tide begin to turn in our markets Now the product development programmes and the enhanced operational gearing will show their worth as revenues rise

The tide is beginning to turn

JOHN COLEMAN
Chairman

Overview
2013 saw the tide begin to turn in our markets We now expect that the product development programmes and the enhanced operational gearing that we have implemented over the past year will show their worth as revenues increase We have some outstanding brands relevant to contemporary lifestyles and it was exciting to see the first material signs of improvement with a £5 8 million increase in sales in the year to over £250 million This was driven by second half growth of 4 4% compared to being flat in the first half This brought a 26 2% increase in operating profits for the year to £8 2 million The return on sales was 3 3% (2012 2 7%) showing the gap still that remains to our peak of cycle target of 10% We maintained our strong balance sheet position with a cash balance of just under £6 million at the year end

Our markets
The sharp fall in UK house sales through 2007/2008 and the lengthy trough that followed, had a major impact on us as appliance sales are positively correlated to house moves Our markets have been running around 30% below their peaks From the middle of 2013 a concerted effort by the Government and companies in the housing sector to stimulate demand has given rise to a much-improved market On a rolling 12-month basis monthly mortgage approvals rose by the end of 2013 to 61,000 from 51 000 at the start of the year Approvals of over 70 000 in November and December 2013 were the highest monthly levels since January 2008 The Bank of England s February 2014 Inflation Report suggests the trend will continue through this year With nearly two thirds of our sales still linked to UK consumer spending on the home the housing market is of central importance to us

Trading performances
For AGA cookers a good autumn meant sales volumes were up 10% in the full year having been down 2% at the half year There was also a sharp shift towards electric cooker models which represented 70% of sales in the year The AGA Dual Control launched in June 2013 has had an immediate impact and over half of sales volumes in the second half were of Total Control and Dual Control electric models These products are factory-finished at our sites in Coalbrookdale and Telford in Shropshire In contrast markets remained difficult for the cooker/boiler brands Rayburn and Stanley rely heavily on refurbishment projects Overall cast iron cooker volumes fell to 10 000 (from 10 300 in 2012) and Stanley sales in Ireland are 30% of pre recession levels The shift to wood burning stoves and boiler stoves has had a major impact on Stanley and

our task is to seize the opportunities

stove sales are strong Wood burning products, for their economics and fuel independence provide optimism for our heating lines

Rangemaster had a slow start to the year and volumes were 4% lower at the half year We were, however able to stimulate the market with new products and volumes were just ahead at 60,500 units by the year end Overall revenues finished just ahead for the year We rolled out 25 premium design centres with Dixons Retail plc which led to AGA Rangemaster receiving their White Goods Partner of the Year award Exports were ahead For Rangemaster, we continued to achieve growth in France despite weak markets and we expect to see continental sales continue to grow with Germany becoming a target market

In North America where the housing recovery is quite well established we were pleased that AGA Marvel volumes rose by more than 10% With the new accounts we have won and the wider market penetration we have through quality dealers we expect the trend lines to continue to be positive In North America where we have long held a modest position on the cooker side we believe we have the product mix capable of making our products more of a mainstream option

Fired Earth returned to profitability for the first time for some years with the pick up in revenues of over 5% combined with the benefits of direct sourcing tight cost control and the success of our small store format developed for Greater London Set against the improving market backcloth we expect to deliver progress in a business that struggled to make its presence felt during the downturn We will be considering this year a valorisation exercise for Fired Earth

Grange remains in a testing position as revenues fell and losses continued which offset the benefit of the rationalisation programmes in Europe and most particularly in North America We can however see already that the product mix with a more contemporary slant and the market differentiation provided by the online design and ordering package My Grange are starting to improve the brand s fortunes

Our increased optimism is based upon the stronger markets our enhanced product portfolio for the domestic market and the benefits of the commitment we have put into growth in international markets We have recently obtained our first accreditation to sell a Rangemaster cooker in China As range cookers are not a known category in China this has been a protracted process This product has an innovative new wok burner system that will have wider international market reach We are excited about launching our products in China with our partner Vatti and we expect more accreditations will be obtained in the near future

Strategy

Our task now is to ensure that we seize the opportunities of the improving markets, our available production capacity and exciting product innovations For AGA cookers we can explain to the numerous long-time owners that the modern more flexible models bring many benefits including reduced running costs compared to the older models The new models are attracting a wider customer base and a younger audience to the superior quality of radiant heat cooking – with the walls of the oven at a constant temperature – as well as the classic design We have other new products to introduce aimed particularly at urban audiences and this is reflected in the decision to open a shop in the City of London later this year

For Rangemaster it is for us as range cooker experts to reiterate the case for the range cooker over built-in options as providing a heart to the home still in an economic and space-efficient way Most cabinetry producers and property developers prefer built-in and thus can deprive the consumer of a strong lifestyle option With consumers expecting choice, the range cooking story should appeal equally strongly in both the UK and in our key European growth markets

The premise from which we build is that the range cooker has a central role in modern life and that we have products with the functionality look and ambience to suit a range of styles and price points We continue to target some international markets where the range cooker is little known, like Germany and China both of which have the scale which should materially change the business once this lifestyle message connects with consumers

People

We were delighted last year to welcome Rebecca Worthington to the board as a non-executive director and she now chairs the audit and risk committee She brings considerable financial property and plc experience to the board Paul Dermody has relinquished his chairmanship of the audit and risk committee and will stand down as a director at the AGM His contribution over the last decade as a non-executive director has been tremendous in providing steady influence and consistent insight while the fortunes of the business fluctuated

In June 2013 Mike Bufton managing director of our UK appliance operations died He was an inspirational leader who had played a central role in the development of Rangemaster and latterly of AGA Rangemaster as an integrated operation in the UK He was succeeded by Gary Green who is also the Group s manufacturing director Gary has an in depth knowledge of manufacturing and has spearheaded the implementation of efficient manufacturing processes throughout the Group

I should like to thank all our employees for their continuing contribution We are now embarking on a new phase in the story of the Group where the emphasis will switch more to commercial and selling skills I have confidence that we are developing a team able to deliver on the operational gearing available

Dividend

As previously announced the board proposes not to make dividend payments without pension scheme trustee agreement in accordance with the arrangements made on completion of the 2011 triennial actuarial valuation of the Group's main pension scheme Agreement was not sought this year and the board is not proposing to make a dividend payment in respect of 2013 The next triennial actuarial valuation as at 31st December 2014 will be prepared during 2015 and dividend policy will again be a matter to be discussed

Current trading
Against a backcloth of increased activity in the UK housing market we expect an improved trading performance in 2014 Currently order intake is over 6% ahead of prior year This is higher than the growth rates achieved overall in the second half of 2013 We have indicated price increases for both AGA and Rangemaster of over 3% at the end of March and expect order intake to be well up at that point The estimate book for Fired Earth was strong at the end of 2013 and that has been translated into sales growth in the first two months which were up by more than 10% In North America the improvement in the housing market is well established and orders are up again Our cookware brands selling online have all had excellent starts to the year We recognise that a recovery is not fully embedded However with the potential for growth from our work to move into international markets and with the expansion of the addressable market in the UK for range cookers, the outlook for the Group does look better than it has been for some years

J Coleman
Chairman
7th March 2014

AGA

AGA has strong links with rural communities and our sponsorship of Point-to-Point racing has received great support The championship covers the country with qualifiers The grand final was held at Stratford racecourse and after a photo finish Jane Williams won a new AGA Total Control cooker In 2014 there is added attraction of an AGA Dual Control cooker being at stake for open race owners

STRATEGY IN ACTION

The further progress achieved in the year was pleasing and is continuing into 2014 The tide beginning to turn in the housing market was the year's key feature We now expect to break out on the upside of the narrow revenue range of recent years We have modernised the product offering and continue to add new lines to widen the targeted customer base, adding the sales impetus required to bring through the operational gearing

The groundwork is in place

Business and strategic review
As the housing market continues to improve, the focus of the business has to alter as we set out to ensure that we are ready to take the opportunities from the work we have undertaken over the last few years on developing new products and on improving the operational gearing in the business Below are some of the key actions taken during 2013 which are set to accelerate the sales momentum that we have been seeking

AGA Dual Control launched in June 2013 has 3 or 5 electric ovens on one system and two separate hobs It complements the fully flexible AGA Total Control launched in 2011 where the ovens are separately controlled Dual Control has been a particular hit with owners used to keeping a classic AGA on for sustained periods but who are still attracted by cutting the running costs in half compared with a comparable old style oil fired AGA as a result of short heat up times and the ability to use the hot plates separately We think that over time an appreciable proportion of existing owners of which we estimate there are 250 000 will trade up to the new generation of models Special incentive programmes will run for these target customers throughout 2014

We support the AGA brand with events across the country and in home interest magazines Our campaign centred on *'My AGA My Warm Welcome Home* aimed at showing how the AGA cooker adapts to meet the needs of working families The campaign is continuing through spring 2014 For a traditional often more rural audience we have the AGA Ladies Open Point-to-Point Championship which has gained particular traction through social media reinforcing the recognition of AGA in the rural community We relaunched the AGA Living magazine with a circulation of over 70 000 with cover features on Marco Pierre White and Mary Berry both staunch AGA advocates and owners The next edition features Richard and Mindy Hammond

Our initiatives increased footfall and fed into a strong autumn sales season - although sales in the year for AGA were still 35% below the peak years of 2004 - 2006 Order intake volume was 12% ahead in the year

We launched the iconic cookware line with a striking AGA repeater pattern which will provide high recognition levels Indeed Divertimenti and AGA Cookware performed well with particularly strong sales online by both brands

Of our cast iron cooker products - both the Rayburn and Stanley lines - have struggled for some time Now by placing them more firmly in the framework of solid fuel and wood burning products in which we have long had expertise and which is strengthening as a market driven by running cost considerations we believe that we can stop the volume declines and start to grow Our stove business in Ireland is actually already very strong and led by the comprehensive re-engineering of the product to meet changing regulatory requirements it has become core to Waterford Stanley's performance and indeed our boiler stoves have been taking sales from Stanley cookers We are now looking carefully at exports from Ireland with the greatest potential being the UK and France As people recognise the cost and efficiency benefits of our products we expect growth and this to pull

and sales are heating up

through a more satisfactory volume level for Rayburn and Stanley lines The successful re-organisation of production facilities in Waterford at a cost of €2 0 million over the last two years has created the opportunity to galvanise sales of the heating lines To reinforce the heating product themes we have produced a booklet – available online – entitled *AGA-Rayburn – A Heart-Warming Story* explaining the remarkable international history of our role in this sector led by the same team that made the AGA an icon in the 1930 s and 1940 s

Rangemaster has been the bedrock brand for the Group during the recessionary period Volumes at 60 500 are still well below the 2007 volumes of 76 000 28% of sales are exports We have consolidated our position in the UK and France where we are comfortably the market leading brand Our facilities fully utilised can make 100 000 units a year The style we prefer of having a design centre in primary retail outlets works well – be it with independents or with major chains

The quality and availability of UK made products continues to impress consumers We have been emphasising that the quality gap between ourselves and others in the market is greater but the price differential is smaller than consumers believe We continue to show that Rangemaster has a mainstream market position and that the stretch up in price point should not cause consumers to default to built-in options which may be less functional and still require as much actual space in the kitchen

We continue to use the flexibility of our production capabilities in Leamington Spa to provide niche looks which delivers products under the Rangemaster Falcon Mercury Redfyre, Cornufe and AGA Masterchef brands

A particular success has been to broaden Rangemaster into being a wider kitchen brand - something now readily accepted across the sector Our refrigeration lines sold over £5 million in the year We continue to develop our sink lines under the Rangemaster brand as well as under the trade name Leisure – which we manufacture in our factory in Long Eaton – a facility that makes many of the metal parts required for AGA and Rangemaster cookers

La Cornue our premium range cooker brand continues to develop its international platform We are looking to ensure that good lead levels for larger projects now translate into revenue growth

In North America AGA Marvel has performed well and is rebuilding profitability as the market picks up We are excited about the new opportunities that the changing energy regulatory framework is providing and about the more efficiently constructed products we have produced at our facility in Greenville Michigan We had a root and branch rethink about the techniques of cabinet manufacture A complete new model line up will be launched in the next few months The consequence is that we believe we have widened our addressable market - in applications where temperature control is particularly important – and indeed we can benefit from filling gaps that non-compliant products have occupied The first order has been received for product

STRATEGY IN ACTION CONTINUED

developed for an important new OEM account We now need to present a more effective case for our hot side products in North America We are focussing on the AGA heat storage lines so that they are given the particular attention needed by specialists so that AGA is not simply a trophy retail store line

Our home fashions brand Fired Earth, had a much better year In 2011 we embarked on a strategy to develop and tighten the cost base and then rebuild revenues often through new smaller stores in the South East The business is now operating profitably and recent months have been particularly encouraging The tile collection seen in the new brochure encompasses attractively priced stone and porcelain tiles as well as stylish and unusual lines so long associated with Fired Earth as the home of great design The more direct sourcing approach we have adopted has helped in margin recovery and with improved customer service Our focus on customer needs fulfilment has made a significant difference as has the improved performance of the established major outlets like the Adderbury and Fulham Road stores We have seen a rapid growth of online sales - running at 7% of sales at the start of 2014

Grange has been a drain on resources for some time The programme to bring the cost base in line with achievable revenues has continued The cuts to the North American business and the project to move to one site in Saint Symphorien, France have been undertaken successfully At the same time we have been modernising both the product offering and in particular the way to do business with the sector changing technology My Grange which means the consumer can have products specified for their particular needs in store and order direct from the factory As this approach becomes better known and dealers become more comfortable with it Grange is seeing a clearer way ahead Grange has a strong and committed management team that has systematically addressed the business issues The excellent response at this January's Paris trade show Maison & Objet to the Grange presentation was encouraging Current order intake is well ahead of the prior year

Pension scheme funding
The Group s main pension scheme is large relative to the scale of the Group s operations and the scheme continues to be monitored closely The next triennial actuarial valuation will be carried out at the end of 2014 In 2013, despite benefits and expenses of over £40 million being paid out the overall value of assets held by the Group s pension schemes increased by nearly £20 million to £828 9 million The annual cash benefit outgoings of the Group's main pension scheme will peak after 2020 at just over £50 million The Group paid £4 1 million into pension schemes in 2013 having contributed £19 5 million in 2012 The current deficit recovery plan for the Group s main pension scheme has payments of nil in 2014 £4 0 million in 2015 and £10 0 million being made per annum from 2016

With markets recovering and gilt yields increasing the actuarial deficit has reduced far more than the accounting deficit This is because while gilt yields rose sharply those of corporate bonds moved less The accounting deficit which was £38 7 million as at 31st December 2012 fell to £35 8 million as at 31st December 2013

The existence of a clear strategy for growth is relevant to our relationship with stakeholders, the trustees and advisers to the Group's pension schemes and regulators Pension scheme trustees and regulators do now have to take into account, in their appraisal of the scheme and its financial requirements the growth plans of the sponsor as supporting the long-term security of the scheme members position Although the funding position of the Group s main pension scheme remains in deficit, the scheme's underlying finances improved again during the year

The tasks ahead

Our ambition is to see AGA Rangemaster become the dominant force in a growing international market for range cookers The ground work has been laid - in product and distribution terms We will continue to develop our online business making greater use of the 1 5 million contacts on our customer database The mission now is to connect with the lives of consumers thinking of investing in their kitchens to show how our products meet their needs so well - for quality food and a great style and ambience at the heart of their homes

The opportunities given a strengthening UK market and the intriguing potential within international markets make the prospects for the Group exciting

FIRED EARTH : DESIGN LEADER

The Fired Earth team is widely recognised for its knowledge of design and the ability to set trends This was reflected in commissions from Transport for London and the National Trust Fired Earth produced a complete set of tiles giving a contemporary take on Delft tiles for Packwood House in Warwickshire

STRATEGY IN ACTION CONTINUED

Revenue
Group revenues increased by 2 4% to £250 4 million from the £244 6 million reported in 2012 First half revenues of £119 5 million compare with £119 2 million in the first half of 2012 Second half revenues of £130 9 million were 4 4% up (2012 £125 4 million) Of total revenues 37% were outside the UK (2012 37%)

Operating profit
The operating profit for the year was £8 2 million up from the operating profit of £6 5 million reported in 2012 The second half profit of £6 7 million followed on from a first half profit of £1 5 million as the Group benefitted more fully from the operational efficiencies established during the economic downturn and the normal seasonality

Non-recurring costs
The non-recurring costs of £2 2 million related to site rationalisation programmes involving Waterford Stanley in Ireland and Grange in France and the costs of closing certain design centre outlets and the warehouse at Grange in North America In 2012 non-recurring costs of £1 7 million were a result of the reorganisation of our AGA Rangemaster distribution operations and retail structures the benefits of which are now coming through

Finance costs
Net finance costs for the year were £1 4 million (2012 £0 2 million) reflecting the higher borrowing costs of the three year bank facilities put in place at the end of 2012 Finance costs include the cost of the £30 0 million of pension scheme guarantees provided and interest payable on the Groups EUR and USD hedging loans

Profit before tax
Profit before tax in the year was £1 1 million (2012 restated £1 7 million)

Taxation
The Group had a tax charge of £0 4 million (2012 restated £0 2 million) on profits before tax of £1 1 million The Group expects the underlying tax rate to be slightly above the UK standard rate of 21% from April 2014 There was a tax receipt of £1 7 million in the year as a result of overpaid tax in previous years The impact of the pension scheme deficit recovery contributions in previous years will continue to reduce significantly future cash tax payments which were nil in 2013

Earnings per share
Basic earnings per share were 1 2 pence (2012 restated 2 3 pence) based on an average number of shares in issue of 69 3 million (2012 69 3 million) Adjusted underlying earnings per share (excluding the pension charge and non-recurring costs and based on a standard UK tax rate) were 7 6 pence (2012 7 1 pence)

Dividends
The directors are not recommending a final dividend This means no dividends are to be paid in relation to the 2013 results (2012 nil) Under the arrangements made on completion of the 2011 actuarial valuation of the Groups main pension scheme agreement with the scheme trustee would be required prior to a dividend payment being made and this was not sought in respect of 2013

Cash flow

The Group has continued with its disciplined approach to cash management Cash flow generated from operating activities of £8 4 million in the year was up on the £2 1 million generated in 2012 and resulted from a determined effort to manage working capital while supporting the international development of the business

The net inflow from working capital in the year was £0 4 million (2012 £5 5 million outflow)

No pension scheme deficit recovery contributions to the Group s main pension scheme were made in 2013 (2012 £16 0 million) No further deficit recovery payments are scheduled until the £4 0 million due in the second half of 2015

Cash flows relating to discontinued operations amounted to £0 7 million (2012 £6 0 million)

Capital expenditure including intangibles in the year totalled £8 5 million compared to £6 4 million in 2012 The charge for depreciation and amortisation of intangibles in 2013 was £7 0 million (2012 £7 2 million)

Proceeds of £1 2 million were received from the disposal of property plant and equipment (2012 £1 0 million)

The resulting net cash position at 31st December 2013 was £5 9 million (2012 £5 5 million)

Pensions

The deficit in the Group s pension schemes at the end of 2013 included in the financial statements was £35 8 million on an accounting basis compared with a restated deficit of £38 7 million a year earlier The change over the year reflects primarily a higher inflation expectation assumption largely offsetting the increase in the value of the assets held over the year and a higher liability discount rate of 4 5% (2012 4 3%) The pension charge in the year was £3 5 million (2012 restated £2 9 million) The IAS 19R pensions restatement is set out in note 6

LA CORNUE

La Cornue has an appeal to an international affluent audience Xavier Dupuy worked with world leading architect-designer Jean-Michel Wilmotte on radical new designs The La Cornue range is to be found in a series of new dealer outlets opened in Singapore, South Korea, Dubai, as well as the La Cornue flagship shop in Paris

KEY RISKS AND UNCERTAINTIES

The Group has a robust system of risk management designed to identify, evaluate, mitigate and manage the risks faced by the Group, including business and wider social, environmental and ethical issues The Group's internal control and risk management policies and procedures are set out on page 36

The board regularly review the risks faced by the Group and consider the following to represent the principal risks and uncertainties that may impact on the Group's long-term performance and could cause actual results to differ materially from the expected and historical results As the Group seeks to exploit new opportunities the profile of these risks might change and new risks, or risks that are currently deemed immaterial, may also impact on delivery of the Group's performance

GROWTH | INTERNATIONAL SALES | PROFITABILITY | RETURN ON SALES | EFFICIENCY

RISK	MITIGATION
COMPETITION/MARKET EROSION The Group operates in a number of competitive markets Our competitors could introduce upgraded products and increase their marketing expenditure, both of which might impact our market share - such as from entrants selling exclusively online Competition might also generate downward pressure on pricing A reduction in demand for our products or a significant reduction in price could impact the Group s ability to deliver its strategy and business plans	• We have differentiated high quality products and actively invest in new product development and design to maintain our position • New products are extensively researched and market tested • Constant monitoring of our market position and competitor strategies • Value engineering programmes assist with the maintenance and enhancement of margin and pricing strategies
FINANCIAL COVENANTS AND FUNDING The Group has bank facilities in place to support its operations and to provide guarantees to cover future contributions to the pension scheme A breach of banking covenants could result in additional financial operating restrictions being placed on the business and could have wider impact including that with the trustee of the pension schemes	• Our bank facilities are sufficient for our needs and do not mature until the end of 2015 • The Group keeps its bankers regularly informed of its progress against its strategy business plans and financial covenants • The Group focuses closely on cash management
FINANCIAL INSTRUMENTS The Group is exposed to foreign exchange and interest rate risks as it sells its products and sources components worldwide Significant movements could impact on future profitability and cash flow (for further details see note 19 to the accounts)	• The Group's treasury policy sets the framework for hedging foreign exchange and interest rate risks • The Group offsets currency flows internally where possible and puts in place foreign exchange contracts where appropriate
GENERAL ECONOMIC CONDITIONS The Group s operations are sensitive to global economic conditions particularly the consumer and housing markets Our exposure is most notable in the UK Whilst there are signs of economic recovery a significant future downturn in the UK might impact production levels and profitability Improved global economic conditions would bring benefits given the operational gearing of the Group but might also result in an increase in raw material prices or restrict the availability and quality of components	• The Group reviews financial forecasts and monitors economic conditions (in particular housing market trends in the UK and the US) to assess the impact on its budget and strategic plans • The Group seeks to increase international sales and to reduce individual market dependency Internal processes are in place to monitor continually progress and the availability of raw materials and components
HEALTH, SAFETY AND ENVIRONMENTAL A health and safety incident could result in serious injury to the Group s employees visitors to our premises or customers Further an environmental incident could impact on the community in which we operate The environmental performance and reputation of our products may affect customer demand	• We are committed to achieving the highest standards We conduct regular audits to ensure compliance with relevant laws and regulations • Accreditation to ISO 9001 2008 ISO 14001 2004 and BS OHSAS 18001 2007 ensures a framework is in place with clear policies procedures and audits In 2013 we have established a health and safety executive committee of the board with a focus on these aspects of the business • Our product development and value engineering programmes help ensure product performance is continuously improved taking advantage of new and emerging technologies

RISK	MITIGATION
INTELLECTUAL PROPERTY The Group owns several well known brands and other intellectual property Failure to protect our rights in our existing and in potential new markets could lead to a reduction in their value	• Register trademarks patents and designs in existing and new markets and take legal action as appropriate • Actively monitor the market to identify and address breaches of our rights
LEGAL, REGULATORY AND LITIGATION The Group s operations are subject to many different areas of regulation Greater government intervention and increased product regulation can impact our business operations but also presents new opportunities Further we may take legal action against third parties to enforce our rights or face litigation from third parties This may result in reputational damage and financial cost The Group also has a long and complex history which might give rise to legacy issues	• We are committed to the highest standards and conduct regular audits covering business processes and behaviours to ensure compliance with relevant laws and regulations • We enter into dialogue with regulators regarding any proposed changes to product regulation with a view to being compliant which can result in competitive advantages
OVER RELIANCE ON ANY INDIVIDUAL CUSTOMER OR SUPPLIER The Group's profitability could be impacted if any single customer became business critical Further the failure of a business critical supplier might also impact our ability to deliver products on a timely basis Approaches to distribution are changing, emanating from increased consumer use of the internet which could alter dealer and distributor structures within the industry	• The Group sells its products through a wide range of channels and markets which helps to minimise single customer dependence • We closely monitor our supply chain and employ a range of strategies to reduce reliance on individual suppliers and minimise the impact of potential supplier failures
PENSION SCHEME FUNDING The Group is the sponsor of a large and mature defined benefit pension scheme and can be called on to meet funding deficits A formal actuarial valuation of the scheme is undertaken at least every three years and any such valuation may reveal an increased deficit that may require the Group to provide additional cash contributions or guarantees Actuarial valuations are heavily driven by prevailing gilt yields which can be subject to market distortions or affected by government action This can lead to wide fluctuations in the appraised liabilities which could as a consequence, severely constrain the finances of the Group Deficit recovery plans need to be agreed with the trustee of the scheme who has to take the views and powers of The Pensions Regulator into account	• The Group works closely with the trustee of the pension scheme and has in place a long-term funding and investment strategy agreement to manage closely assets and liabilities in relation to each other • Following the triennial actuarial valuation undertaken as at 31st December 2011 a new deficit recovery plan was agreed and in 2012 a £16 0 million contribution from cash held on deposit was made Further deficit contributions will not be made by the Group until 2015 • The defined benefit scheme is closed to new entrants and pensionable salaries were frozen in 2009/10 The level of current pension provision in the Group is kept under review • Cash flows within the defined benefit scheme are closely monitored to link the requirements to pay pensions with cash generated from the assets held • The Group also monitors market conditions and discusses with the trustee further steps to reduce the level of contingent dependency of the scheme on the Group • In 2014 the Group became subject to the UK pension auto-enrolment requirements and a new pensions vehicle has been put in place for this purpose
PEOPLE As the Group seeks to exploit new opportunities both in the UK and overseas it will need to both recruit new personnel and develop existing people to meet new challenges Competition for quality personnel remains high and a failure to attract and retain the right people might in time erode our competitive advantage A failure to plan adequately for succession or to develop new talent could also damage the future prospects of the Group	• The Group annually reviews its succession and development plans for key personnel and the board is kept updated • The Group HR director oversees personnel strategy • Remuneration packages including fixed, variable and long-term elements and compensation arrangements are regularly benchmarked to ensure the Group s remuneration policy remains in line with market practice

CORPORATE SOCIAL RESPONSIBILITY

We produced our first Corporate Social Responsibility ('CSR') report in 2002 and whilst the Group has evolved considerably since then, we retain our commitment to the principles underpinning CSR and for communicating to our stakeholders what we are doing

Committed to our principles

This report includes a summary of our full 2013 CSR Report which will be published on the corporate website (www agarangemaster com) before the annual general meeting in May

Our CSR programme includes responsible sourcing our community activities our environmental health and safety (EHS') programmes our engagement with employees customers and other stakeholders and our product stewardship

Management of CSR
The board has overall responsibility for CSR and reviews and approves our policies and monitors performance The chief executive is responsible for ensuring the Group operates in accordance with these policies and procedures He is supported by the Group HR director and the senior management team The Group monitors its CSR related performance through rigorous management systems and uses a set of key performance indicators (KPIs') to manage and benchmark performance to leverage and promote best practice and to set objectives The chief executive reports to the board on all CSR related matters

As a minimum standard the Group seeks to comply with the laws regulations and best practice guidelines governing its activities in each of the markets in which it operates In many areas we exceed the minimum compliance standards The Group's programme of internal CSR/compliance audits complements the implementation of ISO 9001 2008 ISO 14001 2004 and BS OHSAS 18001 2007 This internal audit process covers EHS issues and opportunities and assists with the benchmarking of best practice across the Group

The system is also used to monitor other commercial, supplier and delivery related issues and to implement improvements These audits are undertaken by functional specialists with support from external advisers, where appropriate

Our policies are embedded in our culture and values Our CSR policies are available on the corporate website and apply globally to every director manager and employee The policies also extend across our supply chain and we consider the commitment of each supplier to minimise the impact of their operations on the environment and, where possible ensure that their commitment to CSR issues is consistent with our own

The Group participates in the Carbon Disclosure Project and is a member of the FTSE4Good Index and uses these in conjunction with stakeholder consultations and other benchmarks to help identify key priorities and to drive progress

Environmental, health and safety
The Group is committed to the continuous improvement of its EHS performance and to enhancing the overall sustainability of its operations products and services In 2013 a separate health and safety executive committee of the board was established to monitor the integrity of the systems used to carry out health and safety responsibilities, to help ensure that the policies and related strategies are effective and to support our continued commitment for improvement in these areas

There were no environmental or health and safety related fines, penalties or prosecutions reported during the year

on corporate social responsibility

Health and safety targets and performance
The Group uses a consistent set of KPIs to monitor accident frequencies, accident causes and the amount of time lost at all operations and sets annual improvement targets All our locations have health and safety management systems in place Eight of our fourteen office warehouse and manufacturing locations are accredited to BS OHSAS 18001 2007 the occupational health and safety standard This includes all manufacturing sites in the UK Ireland and North America La Cornue is on target to achieve BS OHSAS 18001 2007 accreditation during 2014

Across the Group the frequency of lost time accidents (LTAs) was down by 42% in 2013 to 0 49 LTAs per 100 000 hours worked This was ahead of our target of a 5% reduction The lost time due to accidents as a proportion of working time was down by 31% to 0 08% However the average lost time per LTA was up by 19% to 20 6 days which was behind the targeted 5% reduction This increase reflected the reduced number of low severity LTAs in the year

The Group s long-term aim is to have no accidents We will maintain our target of reducing LTA frequency and the average lost time per LTA by 5% in 2014

The most common causes of accidents across the Group are cuts and abrasions We will continue to focus particularly on reducing accidents in these areas specifically targeting locations with below average performance

* Lost time accident (LTA) an accident which results in one or more days lost time

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Environmental targets and performance
The Group's environmental impacts include the climate change related emissions due to the use of energy in our manufacturing and other facilities and for transport the water consumption and the waste and recycling arising from our manufacturing processes and general business operations The environmental data in this report covers 100% of the Group s revenue

All our office warehouse and manufacturing locations have environmental management systems in place and eight sites are accredited to ISO 14001 2004 The proportion of manufacturing sites revenue (including intercompany sales) covered by ISO 14001 2004 was 87% La Cornue is on target to achieve ISO 14001 2004 accreditation during 2014

The Group's environmental KPIs relate environmental impacts to sales Energy use, emissions of CO_2 waste production and water consumption were up in 2013 as the Group expanded production in anticipation of increased demand increased the in-house production of components and identified additional waste streams for recycling Thus other than for the percentage of total waste recycled, the Group did not achieve its targeted reductions in environmental impacts over the two years 2011-13

Total 2013 CO_2 equivalent ('CO_2e) emissions due to energy use and in-house transport were 28 100 tonnes up 5% from 26 700 tonnes in 2012 and by 1% from the 27 800 tonnes reported for 2011 Indexed to sales the Group s 2013 CO_2e emissions intensity increased by 3 5% to 112 tonnes per £million revenue from 108 tonnes per £milion in 2012 and by 1% from the 2011 CO_2e intensity of 111 tonnes per £million revenue Thus the Group did not achieve its target to reduce CO_2e intensity by 5% over the two year period 2011-13 This was in part due to the sales performance over the period an increase in in-house component manufacturing and a small increase to stock levels in 2013

Total waste disposed of in 2013 was 11 100 tonnes up 27% from 8 700 tonnes in 2012 and by 21% from the 9 100 tonnes reported in 2011 The increase in waste disposed of in 2013 followed the identification of a recycling route for additional waste streams at two of the Group s UK sites (see case study below) The waste reported includes the recycling of historic waste previously stored on site Thus waste intensity increased by 26% in 2013 to 44 tonnes per £million revenue from 35 tonnes per £million in 2012 and by 21% from the 37 tonnes per £million reported for 2011 As a result the Group did not achieve its 5% reduction target over the two years 2011-13 However as a result of the increase in recycling the proportion of total waste which was recycled in the year was up by ten percentage points to 74%

Case study – Waste recycling
Foundry slag is an inert, hard and 'glassy' by-product from metal casting processes It consists of the fluxing agents and impurities removed prior to casting and which cannot be recovered within the process at Coalbrookdale It results in a significant waste stream often destined for landfill.

As part of our commitment to minimise our environmental impact we constantly search for waste reduction, reuse and recycling opportunities In many cases this involves working in partnership with other organisations to support the principles of a circular economy. During 2013, working with a third party, we have diverted over 1800 tonnes of slag being sent to landfill The process slag is now removed from site to be reused as a base aggregate for road materials and ballast.

Reusing foundry sands and slags has a positive impact on the environment in a number of areas. Substituting foundry slag for virgin aggregates reduces landfill and produces significant energy and water savings, in addition to reductions in emissions of greenhouse gases and particulate matter across the broader economy

Water use in 2013 was 60 900m³ up 14% from 53,700m³ in 2012 Water use in 2013 was also 8% higher than the 56,600m³ reported in 2011 The increase was driven by additional production and clean-down requirements between production runs Relative to sales water intensity was up by 12% in 2013 to 243m³ per £million revenue from 217m³ per £million in 2012 and was 8% higher than the 226m³ per £million reported in 2011 Thus the Group did not achieve its target for a 5% reduction in water intensity over the two year period 2011-13

* Includes CO_2e emissions due to energy use and in-house transport operations
** Constant currency basis with prior years restated and updated to reflect changes in reporting methodology
- Hazardous and non hazardous waste Includes recycled material

The Group will maintain its target to reduce CO_2e emissions intensity waste intensity and water intensity by 5% over the next two year period 2013-15 Performance and achievement of target will be subject to ongoing review

The Group is required under The Companies Act 2006 (Strategic Report and Directors Reports) Regulations 2013 to report its annual Greenhouse Gas ('GHG) emissions in the directors report and this disclosure which includes additional sources of GHGs relative to those reported above is set out on page 29

Stakeholder engagement
The Group engages in proactive two way dialogue with stakeholders We have senior management representation on various trade associations and we actively engage in consultations regarding new regulations which impact on our business Engagement also includes customer feedback hall testing of products, market research, meetings with shareholders investor relations communications and website briefings

We review the impact of our operations on local communities especially where we directly engage with neighbours and through our charitable and community activities

Our people
Our Code of Conduct for employees was introduced in 2001 and is regularly updated most recently in 2013 The Code outlines the standards of integrity and honest conduct expected, and explains that breaches of Company policy can result in disciplinary action and dismissal The Code includes the whistleblowing policy which enables employees and others to report any breaches of the Code, fraud or any other criminal acts in confidence and without fear of retribution All employees worldwide may use the internal whistleblowing provisions and UK and US employees may also use the independent external services available in those areas All reports are logged and monitored by the audit and risk committee and appropriate investigations and action undertaken

The Group is committed to providing equality of opportunity to all employees without discrimination and applies fair and equitable employment policies throughout the recruitment process and during employment with the Group Appointments are determined by application of job criteria and competency

The Group encourages recruitment training career development and promotion on the basis of aptitude and ability without regard to disability Where appropriate it is also committed to retaining and retraining of employees who become disabled during the course of their employment Some 1,500 days of off-the-job training were recorded during the year

Voluntary staff turnover during the year was on average 11% across the Group Total staff turnover was 12% Lost time, including sickness and ill-health as a proportion of working time was 3 2% with 0 08% relating to working time lost due to work-related health and safety accidents Some 74% of our employees are located at operations which have official union recognition

Gender diversity
During the year the Group employed an average of some 2 516 people in seven countries Some 73% of our staff are located in the UK 18% elsewhere in Europe and 9% in North America 97% are permanent employees 71% are male and 29% are female Of those in management roles, including retail managers 59% are male and 41% are female Approximately 19% of staff work in our retail operations with the balance at manufacturing sites and office locations

Under the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 we are required to disclose the gender breakdown of the Company's directors senior managers (defined as those having responsibility for planning directing or controlling the activities of the company or a strategically significant part of the company) and all employees This is set out in the table below

	Male	Female	Total
Directors	6	1	7
Senior managers	20	5	25
All employees	1,786	730	2 516

Customers
The Group s customer service strategy is to respond rapidly to evolving customer demand to identify and anticipate emerging needs and to improve continuously product availability quality and value Our quality management systems help to ensure that our products meet or exceed customer requirements with 92% of the Group s manufacturing site revenues covered by ISO 9001 2008 La Cornue was awarded accreditation in October 2013

Evolving technology makes it now far easier for customers - actual and potential - to communicate with the Group and with each other We have upgraded our transactional websites and we have established social media channels to which we actively respond In the coming year we will further engage with our customers to reinforce our product stewardship and other customer related initiatives

Product stewardship
The Group continues to place great emphasis on consumer and environmental issues We are committed to minimising the environmental impact of our products during manufacture in use and at the end of life We aim to offer our customers well-designed, quality products that have been sustainably sourced, are energy efficient and have a high degree of recyclability which is an inherent benefit of the use of cast iron material

We are also pursuing eco-friendly and sustainable energy solutions to help ensure that our products address increasing concerns over the use of energy and the related CO_2 emissions

Supply chain - ethical trading policy
The Group first introduced an ethical trading policy in 2002 and it is regularly updated most recently in 2013 This policy encompasses a set of global sourcing principles covering fair terms of employment human rights, health and safety equal opportunities and good environmental practice All operating companies are required to review supplier compliance with this policy identify any areas of non-conformance and take action where appropriate The Group monitors the quality design and availability of all sourced components and products to ensure high standards are maintained

Community involvement
Each of our operations and their employees are encouraged to become involved with and to support local community projects educational establishments, charities and other causes This support takes various forms including donations fundraising payroll giving or personal time and commitment Our retail operations also organise events and allow charities to hold meetings in their outlets Total charitable donations during the year were £38 206 (2012 £20 552)

Case study - Business in the classroom

The CBI's 'Business in the Classroom' initiative aims to give real-life experience to school pupils by tackling a genuine business issue The programme has been supported by AGA Rangemaster for a number of years and 2013 was no exception

AGA Rangemaster set a group of pupils from North Leamington Community School and Arts College a business challenge to develop a marketing strategy to change the perceptions of the younger target audience in the 35-45 age bracket, that Rangemaster s products are 'too traditional' and 'too expensive" The project ties in with the AS-level Business Studies curriculum The project initially involved a meeting with the Company s marketing manager to fully understand the unique selling points of the Rangemaster product lines and culminated in a presentation to a group of senior managers demonstrating the methods used in identifying key messages and devising a tangible costed marketing plan

The Strategic Report was approved by the board and signed on its behalf by

W. McGrath/.

W B McGrath
Chief Executive
7th March 2014

BOARD OF DIRECTORS

1 John Coleman (B*,A,N*,R)
Chairman (independent)

John Coleman was appointed an independent non-executive director in March 2008 John became chairman of the board and the nomination committee in May 2008 John is currently a non-executive director of Travis Perkins plc Bonmarche Holdings plc and McColl s Retail Group plc He was chief executive of House of Fraser plc from 1996 to 2006 He is a chartered management accountant

4. Jon Carling (B,A,N,R)
Non-executive director (independent)

Jon Carling was appointed an independent non-executive director in October 2010 and became the chair of the health and safety executive committee in 2013 Jon is the chief operating officer – civil large engines for Rolls Royce Prior to this he was the chief operating officer at Aston Martin Lagonda and held a number of senior engineering positions with Jaguar Cars He is a graduate in mechanical engineering

7 Paul Jackson (B,A,N,R*)
Non-executive director (independent)

Paul Jackson joined the board in December 2005 and chairs the remuneration committee Paul has spent his career in advertising He started with Saatchi & Saatchi and later became executive managing partner and vice chairman of Ammirati Puris Lintas He joined Ogilvy & Mather part of the WPP Group in 1999 He was a director at Ogilvy Group and chief executive of Ogilvy & Mather until 2007

2 William McGrath (B)
Chief Executive

William McGrath was appointed chief executive in March 2001 William joined the Group as finance director in October 1997 from Aggregate Industries plc where he had been group development director and prior to that finance director of Bardon Group plc He had previously worked in the investment banking and construction sectors He is a qualified accountant and a history graduate In 2013 he received an honorary doctorate from Birmingham City University

5 Paul Dermody OBE (B,A,N,R)
Non-executive director (senior independent director)

Paul Dermody joined the board in March 2004 and chaired the audit and risk committee from 2005 until December 2013 Paul became the Company s senior independent director in November 2010 Paul is chairman of the trustees of The National Football Museum He was formerly chief executive of De Vere Group Plc and has held a number of non-executive director positions He is a charted management accountant

8 Pam Sissons
Company Secretary

Pam Sissons joined the Group in 1999 and was appointed company secretary in October 2004 She is a Fellow of the Chartered Insurance Institute and an Associate of the Chartered Institute of Secretaries and Administrators

3 Shaun Smith (B)
Finance Director

Shaun Smith was appointed to the board as finance director in March 2001 Shaun joined the Group from Marks and Spencer plc in 1989 and worked in treasury becoming the group treasurer in 1999 He is a governor of Birmingham City University He is a qualified treasurer and economics graduate

6 Rebecca Worthington (B,A*,N,R)
Non-executive director (independent)

Rebecca Worthington joined the board in July 2013 and became chair of the audit and risk committee in December 2013 Rebecca is founder and chief executive of Lodestone Capital Partners LLP Prior to this she was finance director of Quintain Estates & Development plc a position she held for 11 years from 2001 before being appointed as deputy chief executive in May 2012 Rebecca qualified as a chartered accountant with PricewaterhouseCoopers in 1997 and worked as financial controller of Britton Group plc prior to joining Quintain She is also a non-executive director of the British Property Federation and an advisory board member of the Association of Corporate Treasurers

B Board member
A Audit and risk committee member
N Nomination committee member
R Remuneration committee member
* Denotes chair of the board or committee

ADVISERS

FINANCIAL ADVISER
AND STOCKBROKER
Numis Securities Limited
The London Stock Exchange
Building
10 Paternoster Square
London EC4M 7LT

PRINCIPAL BANKERS
Barclays Bank plc
HSBC Bank plc
Lloyds Bank plc

AUDITOR
Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

FINANCIAL PUBLIC RELATIONS
Brunswick Group LLP
16 Lincoln s Inn Fields
London WC2A 3ED

SOLICITORS
Allen & Overy LLP
One Bishops Square
London E1 6AD

DLA Piper LLP
Victoria Square House
Victoria Square
Birmingham B2 4DL

REGISTRAR
Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA
Telephone 0871 384 2355*

Calls cost 8 pence per minute plus additional network charges where applicable Non-UK callers should dial +44 121 415 7047 Lines are open 8 30am to 5 30pm Monday to Friday

DIRECTORS' REPORT

The directors present their report and audited financial statements of the Group for the year ended 31st December 2013

Corporate governance statement
The corporate governance statement as required by the Disclosure and Transparency Rule 7 2 1 is set out on pages 31 to 36 and is incorporated by reference into this report

Directors and their interests
Biographical details of the directors currently serving on the board are set out on page 26 Changes to the board during the year are set out in the corporate governance report on pages 32 and 33 Details of directors service agreements or letters of appointment are set out in the remuneration report on page 44 The interests of directors in shares in the Company and share options are set out in the remuneration report on page 49

In accordance with The UK Corporate Governance Code all directors with the exception of Paul Dermody will offer themselves for election or re-election at the Annual General Meeting ('AGM') on Thursday 1st May 2014 Paul Dermody has confirmed he will retire from the board following the AGM

Directors' indemnities
As permitted by the Articles of Association (the articles) the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006 The indemnity was in force throughout the financial year and remains in force The Company has also purchased and maintained throughout the same period appropriate directors and officers liability insurance coverage in respect of the Company its subsidiaries its directors and officers

The Trust Deeds to the Company s principal UK pension schemes include the provision of an indemnity from the Company to the scheme trustee s directors to the extent permitted by the law

There are no indemnities in place for the benefit of the auditor

Employees
The average number of employees within the Group is shown in note 5 to the accounts Details of the arrangements relating to employees and gender diversity are described in the CSR report under the heading Our people on page 25

Political donations
The Group s policy is not to make any donations for political purposes or incur political expenditure

Capital structure
At 7th March 2014 the issued share capital of the Company is £32 467 604 divided into 69,264 223 ordinary shares of 46⅞ pence each Details of the movements in the issued share capital and share options can be found in notes 22 and 23 to the accounts The Company has one class of ordinary share which rank equally with respect to voting rights and rights to receive dividends On a show of hands at a general meeting every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote On a poll each share carries the right to one vote Deadlines on exercising voting rights are set out in the Notice of Annual General Meeting and in the Form of Proxy

There are no specific restrictions on the size of a holding nor on the transfer of shares which are both governed by the general provisions of the Company s articles and prevailing legislation The directors are not aware of any agreements between holders of the Company s shares that might result in restrictions on the transfer of securities or on voting rights No person has any special rights of control over the Company s share capital and all issued shares are fully paid

Under the articles, the directors have authority to issue ordinary shares up to the aggregate amount set at the AGM

Change of control
There are a number of agreements that take effect after or terminate upon a change of control of the Company such as commercial contracts bank facility agreements, guarantees, property agreements and employee share plans None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole Furthermore the directors are not aware of any agreements between the Company and its directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover

Articles of association
The board of directors may exercise all the powers of the Company subject to the provisions of relevant statutes the articles and any directions given by special resolution

The articles for instance contain certain specific provisions and restrictions regarding the Company s power to borrow money Powers relating to the issuing and buying back of shares are included in the articles and are subject to such authorities being approved annually by shareholders at the AGM should the directors recommend that it remains appropriate to retain such flexibility The rules for the appointment and replacement of directors are set out in the articles The UK Corporate Governance Code the Companies Act 2006 and related legislation The articles can only be changed by a special resolution passed in a general meeting of shareholders

Substantial shareholdings
Notification of the following voting interests in the Company s ordinary share capital had been received by the Company in accordance with chapter 5 of the Disclosure and Transparency Rules and section 793 of the Companies Act 2006 as at 7th March 2014

Notifying person(s)	% of voting rights and issued share capital	Ordinary shares of 46⅞p each
J O Hambro Capital Management Group Ltd	10 18	7 053 870
River & Mercantile Asset Management LLP	7 64	5 292 937
Hargreave Hale Ltd	7 62	5,278 527
Standard Life Investments Ltd	6 56	4 542 970

Research and development
Research and development plays an important role in the development of the Group Product innovation has been a key feature of our strategy Development departments across the Group work together to develop products to meet our strategy to increase Group revenues internationally The Group capitalises certain development spend under IAS 38 During the year the Group capitalised development expenditure of £2 8 million (2012 £2 6 million) The aggregate expenditure in the last five years has been £10 8 million

Greenhouse Gas Emissions reporting

Under The Companies Act 2006 (Strategic and Directors Reports) Regulations 2013 the Group is required to report its annual Greenhouse Gas ('GHG) emissions in its directors' report as tonnes of CO_2 equivalent (CO_2e) The Group has published information on its CO_2 emissions due to the combustion of fossil fuels and the electricity purchased by the Company for its own use in its annual report since 2006 The Group is also a long-term participant in the Carbon Disclosure Project

The new regulations require the Group to disclose its emissions due to fugitive emissions and other sources which are not included in the emissions reported in the CSR report on page 24

	2013 tonnes CO_2e	2012 tonnes CO_2e
Emissions from combustion of fuels and operation of facilities:		
Combustion of fossil fuels*+	**14,400**	13 500
Operation of facilities including process and fugitive emissions^	**700**	500
Electricity purchased for own consumption		
Purchased electricity-	**13,700**	13 200
Intensity measurement		
CO_2e due to fossil fuels and purchased electricity per £m revenue**	**112**	108
GHGs per £m revenue**	**115**	110

Data is rounded to the nearest 100 tonnes of CO_2e

* Includes emissions of 3 300 tonnes (2012 3 600 tonnes) relating to fuel use in company commercial vehicles

\+ Excludes emissions due to the use of company cars estimated to be approximately 1% of total emissions

^ Excludes non-material emissions released during enamelling processes and due to the use of limestone as a flux in metal melting operations

\- Electricity-related emissions are reported as CO_2 because CO_2e factors are not available in all countries

** Constant currency basis and updated to reflect changes in reporting methodology

As required under the new regulations the above report includes the material emission sources from the operations and activities covered by the Group s financial statements As noted, the report excludes the emissions relating to the fuel used in company cars which are estimated to account for approximately 1% of total emissions and due to non-material sources of process emissions The directors consider that these sources of emissions are not material to the total of the Group s GHG emissions

The Group uses the Greenhouse Gas Protocol with emission factors for standard grid electricity by country from the International Energy Agency and other factors as published by the UK Department of Energy and Climate Change and the Department for Environment Food and Rural Affairs in order to calculate the CO_2e emissions included in this report

Financial risk management

It is the Group s objective to manage its financial risk to minimise the adverse fluctuations of the financial markets on the Group's reported profitability and cash flows The Group s policies and processes for managing the main financial risk areas are set out in note 19 to the accounts providing details of the Group s capital management interest rate and cash flow risk credit and price risk foreign currency risk and liquidity risk Key risks and uncertainties are set out on pages 20 and 21

Going concern

In presenting the financial statements on a going concern basis, the directors have considered both the business activities and key risk and uncertainties as set out in the strategic report on pages 2 to 25 In addition, the directors have considered the following factors the Group s ability to generate cash flows the financial resources available to it headroom under bank covenants and exposure to credit risk Based on the Group's cash flow forecasts and projections and taking into consideration a range of potential scenarios and sensitivities and how these may impact on cash flows facility headroom and bank covenants the board is satisfied that the Group will be able to operate within the level of its facilities for the forseeable future For this reason the Group continues to apply the going concern basis in preparing its financial statements

Post balance sheet events

There have been no significant events since the balance sheet date which would have a material effect on the financial statements

Disclosure of information to the auditor

Each of the directors at the date of approval of this annual report confirm that

- so far as they are aware there is no relevant audit information of which the Company s auditor is unaware and
- they have taken all steps that they ought to have taken as a director in order 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 section 418 of the Companies Act 2006

Auditor

Ernst & Young LLP have expressed their willingness to continue in office as independent auditor and their re-appointment has been approved by the audit and risk committee Resolutions to re-appoint the auditor and to authorise the directors to determine the auditor s remuneration will be proposed at the 2014 AGM

Annual General Meeting

The AGM of the Company will be held at Mallory Court Hotel Harbury Lane Leamington Spa Warwickshire CV33 9QB at 11 00 a m on Thursday 1st May 2014 The notice convening the meeting together with the special business to be considered and explanatory notes for each resolution is distributed separately to shareholders It is also available on the Company s website www agarangemaster com where a copy can be viewed or downloaded

By order of the board

P M. Sissons

P M Sissons
Company Secretary
7th March 2014

AGA Rangemaster Group plc
Registered in England and Wales no 00354715

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and accounts in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year The directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Article 4 of the International Accounting Standard (IAS) Regulation and have chosen to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

In preparing the parent Company financial statements it is the directors responsibility to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit and loss of the Company for that period the directors are required to

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable,
- 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

In preparing the Group financial statements the directors are required to

- present fairly the financial position financial performance and cash flows of the Group
- properly select and apply accounting policies consistently
- present information including accounting policies, in a manner that provides relevant reliable comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group s financial position and financial performance and
- state that the Group has complied with IFRS

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group s transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the Company website The work carried out by the auditor does not involve consideration of these matters and, accordingly the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Responsibility statement

The directors confirm that to the best of their knowledge

- the financial statements prepared in accordance with IFRS give a true and fair view of the assets liabilities financial position and profit of the Company and the undertakings included in the consolidation taken as a whole and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole together with a description of the principal risks and uncertainties they face

The directors consider that the annual report and accounts taken as a whole having taken advice from the audit and risk committee are fair balanced and understandable and provides the information necessary for shareholders to assess the Group s performance, business model and strategy

By order of the board

W B McGrath
Chief Executive
7th March 2014

S M Smith
Finance Director

CORPORATE GOVERNANCE

Chairman's introduction on corporate governance

The board recognises the importance of good governance and its role in achieving sustainable growth and adding value to our business As chairman my role is to run the board, to ensure the Company operates effectively and to ensure the board has the right balance of skills and experience to assess, manage and mitigate risks The board is committed to achieving high standards of corporate governance and supports the principles laid down in The UK Corporate Governance Code issued by the Financial Reporting Council (FRC') in September 2012 (the Code)

A detailed review has been performed of the Company s compliance with the Code We are mindful to ensure that we comply not just with the principles and provisions of the Code but also with the spirit of the Code and other guidance issued by the FRC including the Guidance on Board Effectiveness (March 2011) and Guidance on Audit Committees (September 2012) These documents are available at www frc org uk

I am pleased to introduce this corporate governance report which includes separate reports from the chairs of the audit and risk committee (pages 34 to 36) and the remuneration committee as part of the directors remuneration report (pages 37 to 51) and I am also pleased to provide an update on the activities of the nomination committee (pages 33 to 34) Together these describe how we conduct our operations in line with the Code s provisions and other accepted principles of good corporate governance

Compliance statement

The directors consider that the Company has been in compliance with the principles and provisions of the Code throughout the year ended 31st December 2013 and up to the date of publication of this report Where the Code allows flexibility for smaller companies a clear explanation of its application has been provided in our disclosures

A LEADERSHIP

The board

The board of directors currently has seven members comprising the non-executive chairman chief executive finance director and four independent non-executive directors Biographical details of the directors are given on page 26 The board is of sufficient size and the directors have the balance of skills and experience to be appropriate for the requirements of the business All of the directors bring strong judgement to board deliberations The Company considers that on appointment the chairman was independent for the purposes of provision A 3 1 of the Code At all times there has been a majority of independent non-executive directors on the board in compliance with provision B 1 2 of the Code

The chairman and chief executive

There is a clear division of responsibility between the roles of chairman and chief executive which are set out in writing and agreed by the board The chairman is responsible for the leadership and effectiveness of the board ensuring that each non-executive director makes an effective contribution through debate and discussion with the executive directors The chairman ensures that the board receives accurate timely and clear information ahead of each board meeting and that adequate time is available at meetings to consider all agenda items to assess, manage and mitigate risks The chairman communicates frequently with the non-executive and executive directors Directors are encouraged to discuss any issues or concerns with the chairman at any time throughout the year and to ensure that any unresolved issues are formally minuted The chairman and non-executive directors meet during the year without the executive directors present

The chief executive is responsible for the day-to-day running of the business carrying out agreed strategy and the delivery of performance in line with objectives The chief executive is supported by the finance director and senior management who meet frequently with the operational management to review performance and deal with the operational requirements of the business Senior management are regularly invited to attend and present at board meetings

Senior independent director

The senior independent director, Paul Dermody served in this capacity throughout the year He is available to shareholders if they have any concerns which are not resolved through the normal channels of chairman chief executive or finance director, or in circumstances where the normal channels are inappropriate

Board committees

There are a number of committees appointed by the board to which various matters are delegated Each has formal terms of reference which have been approved by the board and comply with the Code The terms of reference are available for inspection on the Company s website (www agarangemaster com) Each committee has the authority to investigate any matters within its terms of reference to access resources to call for information and to obtain external professional advice at the cost of the Company Details of the committees and their activities are set out below

Board and committee meeting attendance

The attendance of directors at board and committee meetings during the year ended 31st December 2013 is set out in the table below All directors attended all meetings they were eligible to attend during 2013

	Board	Audit and risk committee	Remuneration committee	Nomination committee
W B McGrath	9	-	-	-
S M Smith	9	-	-	-
J D Carling	9	3	3	3
J Coleman	9	3	3	3
P B Dermody	9	3	3	3
P E Jackson	9	3	3	3
R J Worthington*	4	2	2	2

* appointed 1st July 2013

B EFFECTIVENESS

Role of the board

The board is collectively responsible to the shareholders for the long-term success of the Company The board meets regularly throughout the year and has a schedule of matters reserved for its decision making including responsibility for the proper management and overall performance of the Group the approval of long-term objectives and commercial strategy, the approval of full-year and half-year results, annual budgets changes to the capital structure major capital projects and expenditure including acquisitions and disposals major changes to the rules and funding of the Company s pension schemes the approval of treasury policies and assessment of the going concern position corporate governance arrangements health and safety social environmental and ethical matters

Board members are given appropriate documentation in advance of each board or committee meeting This normally includes a detailed report on the Group s financial position, operational updates and comprehensive briefing papers on matters where the board will be required to reach a decision Senior management below board level attend board meetings to provide updates on business activities performance and strategic progress A forward rolling business agenda is updated after each meeting of the board and committees to include specific topics to be reviewed at future meetings

There is an established procedure for the preparation and review by the board at least annually of medium-term plans and the annual budget The business reports monthly on its performance against its agreed budget The board receives a monthly update on performance and reviews any significant variances at each of its meetings At least one meeting each year is devoted to reviewing and agreeing corporate strategy The basis on which the Group generates value and delivers its strategic objectives is described in the business model and strategy on pages 6 and 7

Commitment
Significant commitments of directors held outside the Company are disclosed prior to appointment and on an ongoing basis where there are actual changes to those commitments Actual and potential conflicts of interest are regularly reviewed The articles allow the board to authorise potential conflicts of interest and to impose limits or conditions as it sees fit All directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively and this is reviewed as part of the annual evaluation process

Training and development
The chairman has the responsibility for ensuring that directors continually update their skills knowledge and familiarity with the Company This is specifically considered in the annual evaluation process Where necessary the Company provides resources to meet the development requirements of individual directors All directors receive tailored induction training on joining the board

During the year meetings and events were held at various different locations and presentations received from senior management The non-executive directors are encouraged to visit the Group's manufacturing and retail locations to meet management and employees throughout the business to maintain and deepen their understanding of the business

Performance evaluation and independence
A formal evaluation of the performance of the board its committees and the individual directors was undertaken during the year This consisted of an internally run exercise led by the chairman with the assistance of the company secretary The appraisal questionnaires used in connection with the process were wide-ranging and based on questions outlined in the Code covering board committee and personal performance The schedule of matters reserved for the board the roles of the chairman and chief executive the terms of reference of the committees and other policy statements are reviewed annually as part of the evaluation process The board considered that an internally run exercise was most appropriate in the current year but agreed to keep under review whether an externally facilitated evaluation may be appropriate as recommended in B 6 2 of the Code All the board committees review annually their terms of reference and their effectiveness and recommend to the board any changes required as a result of such a review

The results and feedback were summarised and considered by the board The process concluded that the board and its committees were operating effectively The review identified a number of areas for the board and committees to include in the forward rolling business agenda This includes

- further enhancement of the succession and development plans to ensure that appropriate resources are available to deliver the strategy,
- focus on the execution of strategy and strategy planning with continued focus on underperforming operations
- additional briefings to be provided on pensions and to ensure the board committees are up to date with relevant current issues under consideration

Individual performance was also appraised through one-to-one interviews with the chairman and in the case of the chairman with the senior independent director following consultation with each of the other directors The expected time commitments and independence criteria were reviewed for each non-executive director

The board is of the opinion, and the chairman has confirmed following a formal performance evaluation that all directors continue to make an effective and valuable contribution and demonstrate commitment to their roles The board is satisfied that all non-executive directors remain independent in character and judgement and that there are no relationships or circumstances likely to affect their character or judgement Consideration has also been given to the length of service of Paul Dermody and the board remains satisfied as to his independence and objectivity

Independent professional advice
A procedure is in place for directors to take independent professional advice at the Company s expense if necessary No such advice was sought by any director during the year In addition the directors have direct access to the advice and services of the company secretary who is responsible for ensuring that board procedures are followed and advises the board through the chairman on all governance matters

Board composition
Rebecca Worthington was appointed to the board with effect from 1st July 2013 as a non-executive director and became chair of the audit and risk committee on 1st December 2013 Paul Dermody has announced his intention to retire from the board following the AGM on 1st May 2014 He made a significant contribution to the Group over the last ten years particularly as chair of the audit and risk committee and senior independent director As a result of this the board has considered the size structure and requirements of the board and is currently looking to appoint a further non-executive director and will make a market announcement in due course

Election and re-election
In accordance with the articles, each director stands for election by shareholders at the first AGM following their appointment and for re-election at least every three years The board has resolved that all directors who are willing to continue in office will stand for election and re-election by shareholders at the 2014 AGM to comply with the best practice provision B 7 1 of the Code

The chairman has confirmed following a formal performance evaluation that each director continues to make an effective and valuable contribution and demonstrates commitment to their role Accordingly the board unanimously recommends the election and re-election of all the directors Paul Dermody has announced his intention to retire from the board following the 2014 AGM and therefore will not stand for re-election

C ACCOUNTABILITY

The board should present a fair balanced and understandable assessment of the Company s position and prospects maintain sound risk management and internal control systems and manage an appropriate relationship with the external auditor

Further information on how these principles have been applied is detailed in the audit and risk committee report on pages 34 to 36 and are incorporated by reference into this report

D. REMUNERATION

Levels of remuneration should be sufficient to attract retain and motivate directors of the quality required to run the Company successfully whilst avoiding paying more than necessary for this purpose, and there should be a formal and transparent procedure for developing policy on executive remuneration

Further information of how these principles have been applied is detailed in the directors remuneration report on pages 37 to 51 and are incorporated by reference into this report

E SHAREHOLDER RELATIONS

The board recognises that it is accountable to shareholders for the performance and activities of the Company The Company formally updates the market on its financial performance and developments in the business at least four times a year In 2013 it provided updates at the half-year and full-year results in March and August respectively and the interim management statements in May and November In addition a pre-close trading update was provided in January 2013 The content of these updates and associated presentations made to analysts and investors are posted on the Company s website together with general information about the Company so as to be available to all shareholders The Company has a regular programme of meetings with its larger shareholders which provides an opportunity to discuss strategy, performance management and governance within the constraints of information already made publicly available The chairman chief executive and finance director regularly report to the board the views of larger shareholders about the Company The chairman senior independent director and non-executive directors are keen to find opportunities to meet with shareholders and are available to meet with shareholders on request

The AGM is attended by all members of the board and provides an opportunity to communicate with all its shareholders The notice of AGM is sent to shareholders at least 20 working days prior to such meeting and it is the Company s policy to propose a separate resolution on each substantially separate issue Recent trading performance and developments in the business are explained prior to the formal business of the meeting Shareholders are invited to ask questions during the meeting which is followed by an opportunity to meet with the directors, senior managers and the Company s advisers on an informal basis The Company issues a market announcement setting out the results of voting including proxy votes on each resolution and it is made available on the Company's website following the meeting

By order of the board

J Coleman
Chairman
7th March 2014

NOMINATION COMMITTEE

Statement from the chair of the nomination committee

The nomination committee has had a busy year considering succession planning for the board and senior management positions and ensuring the Group has strong development plans in place to bring through capable employees to ensure our strategy has the best prospects of success

Activities

The nomination committee ('the committee') is appointed by the board and membership comprises John Coleman (chairman) Jon Carling, Paul Dermody Paul Jackson and Rebecca Worthington (from 1st July 2013) The committee ensures there is a formal rigorous and transparent procedure for the appointment of new directors which are made on merit and against objective criteria having due regard for the benefits of diversity The principal duties of the committee are to

- keep under review the structure size and composition of the board and its committees and to recommend changes deemed necessary
- identify, evaluate and nominate candidates to fill executive and non-executive vacancies taking into account the balance of skills knowledge and experience on the board and
- make recommendations to the board regarding the continuation in office of a director upon the expiry of any specified term(s) of appointment

The committee, in conjunction with the board, receives updates from the chief executive the Group HR director and other advisers as appropriate, on succession and development planning for the board and senior positions within the Group

The committee met three times during the year and attendance at meetings is shown on page 31 The committee reviewed the size structure and composition of the board and the membership of the committees Paul Dermody has announced his intention to retire from the board following the 2014 AGM In succession planning for the board during the year the committee appointed MWM Consulting to assist with the search for a further non-executive director with relevant and recent financial experience able to chair the audit and risk committee MWM Consulting do not provide any other services to the Company Subsequently Rebecca Worthington was appointed a non-executive director and having worked alongside Paul Dermody during the 2013 half-year audit review she assumed the role of chair of the audit and risk committee in December 2013 Following a further review and to assist with orderly succession planning the Company has appointed Korn Ferry International to assist with the search for a further non-executive director and to advise the Company on the level of non-executive directors fees An announcement regarding an appointment will follow in due course Korn Ferry International do not provide any other services to the Company

Jon Carling has completed three years in office and has expressed his willingness to continue in office for a further three year period Following a review and taking into account the balance of skills, knowledge and experience on the board and on agreeing that Jon Carling remains independent in character and judgement the committee recommended his letter of appointment be extended for a further three years No director participates in discussions regarding his own re-appointment or renewal of his term of office

The committee considered the performance evaluation process and reviewed the contributions and ongoing commitment of each director and recommended that each director be proposed by the board for re-election In accordance with the Code with the exception of Paul Dermody, all directors will retire from the board and offer themselves for election or re-election at the 2014 AGM The committee also reviewed its terms of reference and carried out an annual review of its own performance

Diversity

The board has noted the changes to the Code announced by the FRC in October 2011 to strengthen the principle of boardroom diversity which was first introduced into the Code in June 2010 The Company supports the provision that boards should consider the benefits of diversity including gender when making appointments and is committed to ensuring diversity not just at board level but also throughout the workforce The board believes that business benefits from the widest range of perspectives and backgrounds The Company s aim as regards composition of the board is that it should have a balance of experience skills and knowledge to enable each director and the board as a whole to discharge their duties effectively Whilst the Company agrees that it is entirely appropriate that it should seek to have diversity on its board, it does not consider that this can be best achieved by establishing specific quotas and targets and appointments will continue to be made based on merit Further details on diversity of the workforce are set out on page 25 of the CSR report under Our people

By order of the board

J Coleman
Chairman of the nomination committee
7th March 2014

AUDIT AND RISK COMMITTEE

Statement from the chair of the audit and risk committee

Following my appointment as a non-executive director in July 2013 I have worked alongside Paul Dermody who chaired the audit and risk committee (the committee) for the half-year results Paul stood down as chairman and I took over the role and responsibilities in December 2013 The committee supports the board in carrying out its responsibilities in relation to financial reporting risk management and assessing internal controls It also reviews the effectiveness of the Company s internal audit function and manages the relationship with the external auditor All of the members of the committee contribute their own financial experience and business skills to provide oversight and governance in all aspects of the committee s remit

The 2013 financial year has seen a number of regulatory changes which have reinforced the role of the committee, on behalf of the board in ensuring that the annual report and accounts taken as a whole is fair balanced and understandable I am pleased to report on the activities of the committee during the year and Paul Dermody has kindly assisted in the preparation of this report which sets out how the committee has discharged its responsibilities for the whole of the year

Membership and role

The committee is appointed by the board and membership comprises Paul Dermody Jon Carling John Coleman Paul Jackson and Rebecca Worthington (from 1st July 2013) Paul Dermody chaired the committee until December 2013 when the role and responsibilities were assumed by Rebecca Worthington The board has determined that Paul Dermody and Rebecca Worthington have recent and relevant financial experience and their biographical details are set out on page 26 The board believes that it is appropriate for John Coleman the board s chairman to serve as a member of the committee so long as he does not chair the committee in accordance with provision C 3 1 of the Code

The principal duties of the committee are to

- review the integrity of the Company s financial statements including the half-year and full-year results and the annual report and accounts and any significant financial reporting issues and any judgements which they contain
- ensure compliance with applicable accounting standards and review the appropriateness of accounting policies and practices in place,
- advise the board on whether the annual report and accounts taken as a whole are fair balanced and understandable and provide the information necessary for shareholders to assess the Company s performance business model and strategy as set out in the strategic report
- assess the adequacy of the internal control environment and the processes in place to monitor this
- review the effectiveness of risk management processes and consider the adequacy of actions taken to identify mitigate and reduce the risk exposure of the Group
- review the Company s systems for detecting fraud preventing bribery and allowing employees to raise concerns in a safe and confidential manner
- review the effectiveness of the internal audit function
- monitor the Group's policy and safeguards on the provision of non-audit services and
- oversee the relationship with the external auditor review their effectiveness and make recommendations to the board regarding their appointment and re-appointment specifically reviewing and approving their remuneration terms of engagement and their objectivity and independence on an annual basis

Activities

The committee met three times during the year and has an agenda linked to the events in the Group's financial calendar On each occasion the chief executive finance director head of internal audit and risk and the Company's external auditor attended the meetings by invitation Other senior executives of the Company are invited to attend as appropriate The external auditor met with the committee without management being present and the chair and members of the committee have direct contact with the audit partner and head of internal audit and risk as required During the year the committee

- reviewed the half-year and full-year results, the preliminary announcement and other announcements with financial implications,
- received and considered as part of the review of the interim and annual financial statements, reports from the external auditor in respect of the auditor s review of the interim results, the audit plan for the year and the results of the annual audit These reports included the scope of the interim review and the annual audit, the approach adopted by the auditor to address and conclude upon key estimates and other key audit areas the basis on which the auditor assesses materiality, the terms of engagement for the auditor and an ongoing assessment of the impact of future accounting developments on the Group,
- considered whether the annual report and accounts is fair balanced and understandable and reviewed a paper prepared by management with regard to this principle in relation to the 2013 annual report and accounts This provided the committee with the supporting detail to ensure that it was in a position to report to the board that the 2013 annual report and accounts taken as a whole were fair balanced and understandable on the basis that the business description business model and strategy agreed with its own understanding of the Group the balance in the reporting of performance reflecting both positive and negative issues and the discussion reflecting the Group s activities during the year
- considered the effectiveness and independence of the external audit and made a recommendation to the board regarding the re-appointment of Ernst & Young LLP as external auditor
- considered and agreed the internal audit work programme and received regular reports on the key issues arising from its work during the year The committee also approved the appointment of a new head of internal audit and risk during the year as a succession plan for the retiring head of internal audit
- reviewed the effectiveness of the Group's whistleblowing policy under which employees may raise concerns in confidence about possible improprieties and received updates on any calls received
- reviewed reports on the key business risks, including a review of the internal control processes used to identify monitor and mitigate the principal risks and uncertainties
- received regular updates from management concerning various taxation treasury pensions and litigation issues and
- reviewed the Company s policy on non-audit fees and ensured appropriate safeguards are in place

During the year, the committee also reviewed its composition and as part of the board s succession planning process a further non-executive director was appointed to ensure there is sufficient expertise and resource for the committee to fulfil its responsibilities effectively The committee also reviewed its terms of reference and carried out an annual review of its own performance

Significant issues related to the financial statements

During the year the committee management and the external auditor considered and concluded what the significant risks and issues were in relation to the financial statements These were examined and challenged by the committee prior to recommending the financial statements to the board for approval The significant issues reviewed during the year were as follows

- pensions related matters including the valuation of pension scheme assets and liabilities on both an accounting and actuarial basis the methodology used to derive the assumptions used in the IAS 19R pensions accounting, and their impact on the financial statements The committee also sought and received management updates from meetings held during the year with the trustee of the pension schemes and its advisers
- revenue recognition processes have been reviewed to ensure revenue has been recognised appropriately and consistency of policy has been achieved across the Group
- non-recurring costs The committee monitored these against board approved plans throughout the year and discussed them with operational management pre and post implementation
- impairment tests The assumptions used in the impairment tests were subject to challenge in light of sensitivity analysis highlighted in the 2012 annual report and account disclosures
- contingent liabilities have been reviewed in view of legacy matters and ongoing litigation The board and the committee received regular updates on these matters throughout the year and
- the going concern assessment This included the review of potential scenarios and sensitivities to consider how these may impact on the assessment

External auditor

Ernst & Young LLP were appointed on the recommendation of the committee following a formal tender process in 2006 and the potential for re-tendering of the external audit services is kept under review The current audit partner has been in office since 2011 The committee is responsible for ensuring that an appropriate relationship is maintained between the Group and its auditor and assesses its performance effectiveness objectivity and independence It agrees the scope of the audit work and discusses the results of the full-year audit and interim review each year and monitors the provision of non-audit services by the external auditor in order to maintain and ensure that their objectivity and independence is not compromised

The committee revised the non-audit service pre-approval policy effective from 1st January 2013 so that the fees payable to the auditor for non-audit related work in any financial year should not normally be more than 100% of the total fees payable in respect of audit and compliance services In addition, where fees are expected to be in excess of a specified limit this is subject to the prior approval of the chair of the committee Any proposed spend over the limit set for each financial year must be approved by the committee In each case consideration is to be given to the need for value for money experience and objectivity required in the particular circumstances A breakdown of the audit and non-audit fees is set out in note 4 to the accounts The fees paid to the auditor for non-audit services were within the limits set in the Group's 2013 policy which stated that non-audit fees paid to the principal auditor should not be more than 100% of the audit fee

The external auditor conducts an annual review of its independence, identifying all services provided to the Group and assessing whether the content and scale of such work is a threat to its independence Following this year s review the auditor concluded that there are no factors which would impair their objectivity and independence In assessing the work of the external auditor, the committee found itself satisfied with the scope of the auditor's work its effectiveness and fee proposal and recommended to the board the re-appointment of the auditor

Internal control and risk management
The board has overall accountability for running the business effectively, which includes making sure risks are managed and that there is a sound system of internal control and risk management including health and safety procedures and risk controls that are designed to reduce the chance of a failure to meet the Group s objectives

The board is responsible for the overall system of internal control for the Group and for reviewing its effectiveness It carries out such a review at least annually covering all material controls including financial operational compliance and risk management systems

Operating policies and controls are in place to cover a wide range of issues including financial reporting capital expenditure information technology business continuity and management of employees Detailed policies ensure the accuracy and reliability of the Group s financial reporting and the Group s process for preparing the consolidated accounts and financial statements

The key elements of the Group's processes for the provision of effective internal control and risk management include

- regular board meetings to consider a schedule of matters reserved for directors consideration
- an annual review of corporate strategy carried out by the board which includes a review of risks and uncertainties facing the Group and how these risks and uncertainties are monitored and managed on an ongoing basis within the organisation
- an established organisational structure with clearly defined lines of responsibility and delegation of authority
- an internal audit function which implements the annual internal audit plan as agreed by the committee
- documented and enforced policies and procedures used by all finance teams across the Group
- appointment of staff of the necessary calibre to fulfil their allotted responsibilities
- comprehensive budgets and forecasts approved by the board reviewed and revised on a regular basis with performance monitored against them and explanations obtained for material variances and
- a detailed investment approval process requiring board approval for major capital expenditure projects acquisitions and disposals of assets Post-investment appraisals are conducted from time to time

In respect of Group financial reporting executive management with the assistance of the finance function, is responsible for ensuring the appropriate maintenance of financial records and processes that ensure all financial information is relevant reliable in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner A review of the consolidation and financial statements is completed by executive management to ensure that the financial position and results of the Group are appropriately recorded in accordance with the applicable accounting standards and these are circulated to members of the board and published where appropriate All financial information published by the Group is subject to the approval of the board on the recommendation of the committee

During the year no change has occurred that has materially affected or is reasonably likely to affect materially the Company s internal controls over financial reporting

There is in place an ongoing process of internal controls reviewed by management and internal audit which has been established for identifying evaluating and managing the significant risks, both financial and non-financial faced by the Group The adoption of these processes and controls throughout the Group enables a consistent approach to the management of risk at both Group and operational level The internal audit function meets regularly with operational management to monitor and ensure consistent deployment of internal control and risk management systems in compliance with the Group s policies

The process is reviewed regularly by the board and with advice from the committee, it is satisfied that this meets the requirements of the Turnbull Guidance The risk management process and system of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group s strategic objectives The Company s system of internal control is designed to meet the Company s particular needs and the risks to which it is exposed and by their nature can only provide reasonable, but not absolute assurance against material misstatement or loss In that context the review in the opinion of the board did not indicate that the system was ineffective or unsatisfactory and the board is not aware of any change to this status The process has been in place since the start of the financial year and up to the date of approval of the annual report and accounts Further details of the key risks and uncertainties facing the business can be found at pages 20 and 21 of the strategic report

Accountability
The board is required to present a fair balanced and understandable assessment of the Company s financial position and prospects The responsibilities of the directors are set out on page 30 and the responsibilities of the external auditor is set out on pages 83 and 84 As set out on page 29 of the directors report the directors consider the Company s business is a going concern

By order of the board,

R J Worthington
Chair of the audit and risk committee
7th March 2014

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE CHAIRMAN - ANNUAL STATEMENT

On behalf of the board I am pleased to present the directors remuneration report for the year ended 31st December 2013 which sets out the remuneration policy for the directors and the amounts earned during the year This is the first report since the introduction of new statutory regulations during the year The Group s style of reporting had already anticipated a number of the changes required and we have pleasure in complying with the additional detail required in the new regulations

The aim of the Group's remuneration policy is to produce an outcome which is fair and appropriate to the Company shareholders and senior executives The policy is designed to ensure that the remuneration of executive directors and senior management is sufficiently competitive to retain and motivate the existing directors and to attract high calibre candidates to ensure the continued success and development of the business We have tried to maintain clear simple and understandable components to the overall remuneration package, with both short and longer term elements linked to performance and aligned to the Group's stated strategic KPIs Where for historical reasons one element of the overall package may be out of line we have adjusted the other elements to achieve an appropriate balance between the fixed and variable elements of the total package

During the year the remuneration committee considered all aspects of its policy on executive director remuneration Having taken independent external advice in 2012 and implemented the recommendations for the long-term it concluded that the remuneration policy remains appropriate and should apply during the year and in future years The remuneration committee considered the performance conditions under the annual incentive plan to ensure these remained appropriate and sufficiently stretching and it also considered whether it was appropriate to make further awards of options to the executive directors and senior management The remuneration committee reviewed performance against the targets set under the annual incentive plan and the full year outcome was based on these targets No discretion was applied by the remuneration committee in recommending this award to the board

As set out in the strategic report on pages 2 to 25 following a number of years of downturn in our core markets, 2013 saw some more positive signs This is reflected in the revenue and operating profit growth and share price improvement over the year Sales and orders for our key brands particularly sales of the newly developed products AGA Total Control and AGA Dual Control were strong during the year This is reflected in the annual incentive awards paid to executive directors for the year We have continued to invest in new product development and our new generation of products are expected to have greater international appeal The overall strategy is reflected in the performance targets set for the executive directors and senior management

The remuneration committee welcomes any feedback to assess whether we have presented our disclosures appropriately As the remuneration policy is unchanged we have not consulted specifically with shareholders during the year but will do so in the future as appropriate

By order of the board

P E Jackson
Chairman of the remuneration committee
7th March 2014

Introduction

This report addresses the activities of the remuneration committee (the committee') for the year ended 31st December 2013 It sets out the remuneration policy and remuneration details of the executive and non-executive directors of the Company It has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts & Reports) (Amendment) Regulations 2013 (the Regulations) This is the first time the Group has prepared a report in accordance with these Regulations The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the principles of The UK Corporate Governance Code ('the Code')

The report is split into three main areas - the Remuneration Committee Chairman s Annual Statement (Statement') the Directors Remuneration Policy and the Annual Report on Remuneration The Directors' Remuneration Policy will be subject to a binding shareholder vote at the 2014 AGM and subject to shareholder approval the policy will take effect from 1st May 2014 It is expected that the policy will apply for a term of three years However, if there is a review of remuneration arrangements any changes to the policy will be put forward for shareholder approval The Annual Report on Remuneration provides details of remuneration during the year ended 31st December 2013, plans for implementation in 2014 and other information as required by the Regulations It will be subject to an advisory shareholder vote at the 2014 AGM

The Companies Act 2006 requires the auditor to report to shareholders on certain parts of the report and to state whether in their opinion, those parts of the report have been properly prepared in accordance with the Regulations The parts of the Annual Report on Remuneration that are subject to audit are indicated in that report The Statement and the Directors' Remuneration Policy are not subject to audit

DIRECTORS' REMUNERATION POLICY

Overview

As outlined in the Statement the Company aims to provide remuneration that is aligned with shareholder interests and designed to be competitive in the marketplace

Performance related components of the policy can form a significant portion of the overall available remuneration package with maximum total potential awards being earned through the achievement of challenging performance targets in line with the Group s stated strategic objectives and based on measures that represent the best interests of shareholders

Future policy table

The table below summarises each of the components of the remuneration package for directors of the Company which comprise the Directors Remuneration Policy of the Company (the Policy) The committee may make minor changes to the Policy, which do not have a material advantage to the directors to aid its operation or implementation taking into account the interests of shareholders but without needing to seek shareholder approval

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Base salary	Provides a sound basis on which to attract and retain directors of the calibre required by the business Core element of fixed remuneration reflecting size and scope of the role	Reviewed annually and usually fixed for 12 months from 1st January There is no entitlement to an annual increase Takes into consideration the director s role skills knowledge and experience and performance against the business objectives Takes into account prevailing market conditions and is aligned with workforce pay reviews Externally benchmarked by independent remuneration consultants from time to time against companies of similar size and complexity	There is no prescribed maximum annual increase in base salary Base salaries are reviewed taking into consideration salary/wage increases across the Group Increases out of line with the workforce are very carefully considered but may be awarded taking all relevant factors into account These may include increases on promotion of an individual to executive status increase in the scope of responsibilities of a role where external advice indicates base salary has fallen significantly below market rate Base salary takes into account pay levels in the relevant pay peer group	Not applicable but the individual s contribution and overall performance is reviewed annually and is one of the considerations when reviewing salary increases
Benefits	Provides benefits to ensure overall remuneration package is competitive Provides a sound basis on which to attract and retain directors of the calibre required by the business	Executive directors receive benefits in line with market practice which include car fuel or car/fuel allowance private medical insurance and life assurance Reasonable relocation travel and subsistence allowances and other benefits may be provided based on individual circumstances (anticipated in cases of recruitment or promotion)	There is no overall maximum value set on benefits They are set at a level which is comparable to market practice The Company may periodically amend the benefits available to employees/staff and the executive directors would normally be eligible to receive such amended benefits on similar terms to senior management Values are shown in the single figure remuneration table on page 46 These may fluctuate without the committee taking action e g changes to prevailing tax legislation	Not applicable

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Annual incentive and deferral into shares	Rewards performance against annual financial targets and strategic or personal objectives which are consistent with the short to medium-term strategic direction of the business To align performance and incentives with shareholder value creation linked to the sustained improvement in performance Deferral into shares aligns the interests of the executive directors and shareholders by increasing the directors' long-term shareholding in the Company	Targets are reviewed and set annually with the committee setting financial and other qualitative targets aligned to strategy and business priorities The committee will monitor performance against the targets set throughout the year and make a recommendation to the board regarding the incentive earned based on full year audited data If the outcome based on simple arithmetic targets leads to anomalies the committee has the discretion to adjust awards either upwards or downwards with a view to ensuring any award is in line with investors reasonable expectations based on Company performance Annual incentives earned are paid in cash Deferral was introduced in 2012 with the executive directors reinvesting a minimum of 50% of any net annual incentive into shares Subject to a minimum retention period of three years (subject to terms and conditions which the committee has the discretion to waive taking into account the specific personal circumstances of an individual director)	Maximum 75% of salary	The annual incentive payment can range from 0% to 75% of base salary 50% of the award will be based on the achievement of Group operating profit 25% of the award will be based on other key financial measures (currently operating cash flow and specific product sales) 25% of the award will be based on specific strategic or personal targets A threshold level has to be achieved delivering an improvement on the prior year before any award is made For the financial targets above 50% of the maximum entitlement is payable for performance in line with the Company s expectations A stretch scale applies from in line with expectations to the maximum performance level with straight-line vesting between threshold in line and maximum performance levels Up to 100% of the maximum entitlement is payable for achieving the strategic or personal targets The committee determines whether the strategic or personal targets have been met at the end of the year See Explanation of the performance metrics chosen on page 42

DIRECTORS' REMUNERATION REPORT CONTINUED

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Company Share Option Plan (CSOP)	To incentivise executive directors and senior employees to deliver sustained improvement in the longer term performance of the Company and creation of shareholder value	HMRC approved plan with an unapproved addendum together governing the operation of the plan Approved or unapproved options can be awarded Approved options are granted at no less than market value Unapproved options may be granted at nil-cost market value or other value The committee retains the ability to adjust/or set different performance measures if events occur (such as a change in strategy a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions) which cause the committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose	Maximum grant up to 100% of base salary per financial year It is not the board s current intention (on recommendation of the committee) to issue more than the equivalent of 100% of base salary in nil-cost options over a rolling three year period	Subject to performance conditions normally over a three year performance period The relevant metrics and weightings may vary each year based upon the Company s strategic priorities For 2014 the performance measures and weightings will be 50% on relative TSR compared to the FTSE SmallCap Index and 50% on EPS growth using an absolute scale to be achieved at the end of the performance period For each element on the achievement of threshold performance 25% of the award will vest For the achievement of maximum performance 100% will vest TSR - 25% vests for ranking at the median 100% vests at or above upper quartile EPS - At present in view of the modest level of EPS, it is not appropriate to use an EPS growth above RPI scale The committee will set an absolute EPS growth scale where 25% vests for performance in line with the markets reasonable expectations 100% vests at a stretch maximum target There will be straight line vesting between the threshold and the maximum performance See Explanation of the performance metrics chosen on page 42
Sharesave Plan	To encourage share ownership by employees allowing them to participate in the long-term success of the Group and to align interests with those of shareholders	Sharesave is an HMRC approved monthly savings scheme facilitating the purchase of shares which can be at a discount to market price at the date of grant if agreed by the committee	Sharesave contributions are as permitted in accordance with prevailing tax legislation Executive directors are able to participate in Sharesave on the same basis as employees	No performance conditions are attached to awards in line with HMRC practice

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Pension benefits	Provides benefits to ensure overall remuneration package is competitive Provides a sound basis on which to attract and retain directors of the calibre required by the business	The current executive directors are members of the Groups UK defined benefit pension scheme and receive a salary supplement in lieu of pension on remuneration above the pre-6th April 2006 statutory earnings cap projected forward to 2009 and frozen at that level at the end of 2009 A new internal executive director appointee who was already a member of the Groups UK defined benefit pension scheme would be eligible to continue as a member of that scheme Any new external or other appointee (not currently a defined benefit pension scheme member) would be eligible to participate in the Groups UK defined contribution pension scheme (or such other replacement scheme as may be deemed appropriate at the time of appointment) and/or receive a salary supplement in lieu of pension provision	Current executive directors pension benefits and the benefits of any new internal appointee who was already a member of the Groups defined benefit pension scheme will not exceed the maximum benefits as permitted under HMRCs pre-6th April 2006 benefits regime applicable to their period of employment with the Group Other new executive directors may receive contributions of up to 25% of base salary under the Groups defined benefit contribution scheme an equivalent salary supplement or a combination of the two (up to 25% of base salary) Life assurance cover is provided to four times base salary	Not applicable
Non-executive directors fees	Sole element of non-executive director remuneration Set at a level that reflects market conditions and at a level to attract individuals with appropriate skills knowledge and experience	Fees were reviewed by the board effective from 1st January 2014 Going forward fees will be reviewed biennially other than in the case of a significant change to an individuals role responsibilities and/or time commitments or when considering a new appointment There is no entitlement to a biennial increase Fees are paid in cash Reviews take into account publicly available comparator data Fees are externally benchmarked by independent remuneration consultants from time to time against companies of similar size and complexity Non-executive directors are entitled to claim reasonable out of pocket expenses in connection with the performance of their duties	The maximum level of fees take into account a number of factors including skills knowledge and experience and having regard to fees paid to non-executive directors serving on boards of listed companies of a similar size and complexity Non-executive directors receive a basic fee and an additional fee for further duties e g chairing committees of the board or taking on the responsibilities of the senior independent director	Not applicable although the individuals contribution availability and having sufficient time to commit to the role are reviewed annually as part of the performance evaluation

Explanation of the performance metrics chosen
The performance measures selected are aligned with the Company s strategy and business objectives For the annual incentive performance targets are set by the committee each year For awards under the CSOP the performance targets are reviewed by the committee and reset as necessary on or before the date of grant in accordance with the CSOP rules approved by shareholders on 7th May 2010

In setting stretching performance targets, the committee will take into account a number of criteria which include the Company s business plans and strategy the financial and economic environment market conditions specific initiatives and other matters the committee deem to be relevant The relevant metrics and weightings may vary each year based upon the Company s strategic priorities

With the Group having operated during a severe economic downturn in recent years it has had to consider the interests of different stakeholder groups including shareholders bankers employees and the Group s pension scheme members The Group is now focused on delivering growth from the new product investment and the operational gearing potential available because of the significant restructuring of the business since 2008 The metrics below cover sales targets for our major brands which can deliver the most immediate improvement in operating profit and cash flow Delivery on these targets will create value for all stakeholders

Metric	Component	Link to strategy
Group operating profit	Annual incentive plan	Group operating profit is a measure of the Company s financial performance and in particular how successful the Company has been in accelerating profitability from the various strategic initiatives in place and in moving closer to its 10% return on sales target
Operating unit cash flow	Annual incentive plan	Operating unit cash flow is a good indicator of the Company s financial health which links to the key corporate objective of improving cash conversion and is important in ensuring our ability to fund key international plans brand investment and highlights the Company s discipline to key stakeholders
AGA branded cooker sales	Annual incentive plan	Drives sales of a key brand in both the UK and international markets to move closer to our stated KPIs
Rangemaster branded cooker sales	Annual incentive plan	Drives sales of a key brand in both the UK and international markets to move closer to our stated KPIs
Strategic and/or personal objectives	Annual incentive plan	Reflects core strategic objectives of increasing sales in international markets and developing strategic partnerships to assist in revenue growth
Three year EPS growth	CSOP	EPS is an important long-term financial metric linked to value creation for our shareholders and provides an appropriate underpin for awards to vest under the CSOP The committee reserves the right to exclude items of a non-recurring nature from the EPS calculation
Three year relative TSR growth	CSOP	TSR reflects the growth in value of the Company s share price and dividends relative to a broad sector of peers thereby ensuring that participants only receive rewards if they outperform the comparator group s performance

The committee retains the discretion to adjust performance targets and measures where it considers it appropriate to do so where it is appropriate to reflect changes to the strategy and financial objectives or to reflect changes to the structure of the business The committee must ensure that the adjusted performance targets and measures are no more or less difficult to satisfy

Illustration of application of the Policy

The charts below provide estimates of the potential future reward opportunities for each executive director and the potential split of remuneration between fixed pay (base salary benefits, pension and life assurance) and variable pay (annual incentive and CSOP) on the basis of minimum remuneration, remuneration receivable for performance in line with the Company s expectations and maximum remuneration (not allowing for any share price appreciation) This is further explained in the table under the charts It assumes that nil-cost options are granted under the CSOP equating to 100% of base salary per financial year and this is shown in the illustration This would normally only be the case in exceptional circumstances It is the not the board s current intention (on recommendation from the committee) to issue more than the equivalent of 100% of base salary in nil-cost options over a rolling three year period This is represented by the line in the CSOP component in the illustration

	Minimum	In line with expectations	Maximum
Fixed Pay	Fixed elements of remuneration are base salary benefits and pension Base salary is salary at 1st January 2014 and the value of benefits has been assumed to be the equivalent of that included in the single figure remuneration table on page 46	As per minimum	As per minimum
Annual Incentive	No incentive	37 5% of salary for achieving on target performance and successfully achieving half the specific strategic targets set	75% of salary awarded for delivering at/or above highest performance in respect of the annual incentive measures and successfully achieving the specific strategic targets set
CSOP	No CSOP vesting	25% of maximum awards vesting for achieving threshold performance across all performance measures	100% of award vesting for achieving the most stretching level of performance across all performance measures

Approach to recruitment remuneration

When setting the remuneration package for a new executive director the committee would seek to apply the same principles and implement the Policy framework set out in the tables above

Base salary will be set at a level appropriate to the role and the experience of the director being appointed This may include an agreement on future increases up to a market rate in line with increased experience and/or responsibilities, subject to performance progressing as anticipated in the intervening period, where it is considered appropriate

For an external appointment, the committee may structure the package on appointment to recognise annual incentives option awards or other benefits that would have to be forfeited on resignation from a previous position of employment The committee will take into account time-horizons performance conditions, vesting periods and such other specific matters as it considers relevant The committee would only consider making such an award if necessary to secure an appointment Such an award may take the form of cash and/or shares and/or share options Where possible these will be delivered under the Policy framework The maximum payment under any such arrangements (which may be in addition to the normal variable remuneration) should be no more than the committee considers is required to provide reasonable compensation to the incoming director The maximum level of recruitment award which may be granted (excluding buy-out arrangements) is 1 75 times base salary The committee will ensure that such variable awards are linked to the achievement of appropriate and challenging targets and will be forfeited if performance targets are not met or if employment is terminated within 2 years of appointment The committee does not intend to use its discretion to make non-performance related incentive payments i e golden hellos

Any share awards referred to in this section will be granted as far as possible under the Company s existing share plans If necessary and subject to the limits referred to above recruitment awards may be granted outside of these plans as currently permitted under the Listing Rules which allow for the grant of awards to facilitate in exceptional circumstances the recruitment of an executive director

In the case of an internal appointment where an employee is promoted to an executive director the Company will honour pre-existing award commitments in accordance with their original terms/time-horizons

If the new executive director is required to relocate in order to take up the position it is the Company s practice to allow reasonable relocation travel subsistence payments and any other related benefits Any such payments will be at the discretion of the committee

Non-executive director fees will be set at a competitive market level, reflecting the skills knowledge experience responsibilities and time commitment

Directors' service contracts and letters of appointment

Executive	Date of contract	Unexpired term of contract	Notice period
W B McGrath	September 1998	Rolling contract	12 months
S M Smith	March 2001	Rolling contract	12 months

Non-executive	Date of appointment	Date of last re-election at an AGM	Notice period
J D Carling	October 2010	1st May 2013	n/a
J Coleman	March 2008	1st May 2013	n/a
P B Dermody	March 2004	1st May 2013	n/a
P E Jackson	December 2005	1st May 2013	n/a
R J Worthington*	July 2013	n/a	n/a

Rebecca Worthington will stand for election at the 2014 AGM

In accordance with the best practice and as set out in Code provision D 1 5 notice periods in new service contracts will be set at one year or less If it is necessary to offer longer notice or contract periods to new directors recruited externally such periods should reduce to one year or less after the initial period

Non-executive director appointments will be through letters of appointment initially for a three year term subject to election and re-election by the Company s shareholders in accordance with the Company s articles and the Code

Policy on payment for loss of office

If an executive director s employment is to be terminated, the committee s policy in respect of the service agreement in the absence of a breach of the service agreement by the director is to agree a termination payment based on the value of base salary and contractual pension and other benefits that would have accrued to the director during the contractual notice period Depending on the particular circumstances a director may work the notice period be placed on garden leave for some or all of the notice period or receive a payment in lieu of notice in accordance with the service agreement The committee will consider mitigation to reduce the termination payment to a leaving director when appropriate to do so having regard to the specific circumstances

In addition where a director may be entitled to pursue a claim against the Company in respect of statutory employment rights or any claim arising from the employment or its termination the Company will be entitled to negotiate settlement terms (financial or otherwise) with the director that the committee considers to be reasonable in the specific circumstances and in the best interests of the Company and shareholders This includes but is not limited to entering into a settlement agreement with the director to effect both the terms agreed under the service agreement and any additional statutory or other claims including incentive payments and to record any agreement in relation to the incentives and/or share options in line with the policies described above

The committee will consider whether a departing director should receive an annual incentive in respect of the financial year in which the termination occurs This will be at the discretion of the committee on an individual basis and the decision as to whether or not to make an award under the annual incentive plan in full or in part will be dependent upon a number of factors including the circumstances of the individuals departure and their contribution to the business during the performance period in question Any annual incentive amounts paid will typically be pro-rated for time in service to termination and will subject to performance, usually be paid at the end of the relevant performance period Following termination the requirement to defer a minimum of 50% of the net incentive into shares and retain those shares for a minimum period of three years falls away It is the committee s policy to avoid payments for underperformance

The committee will consider whether share options held by the director under the CSOP should lapse or vest Any determination by the committee will be in accordance with the plan rules which have been approved by shareholders The plan rules provide that options will vest if employment ends on the death of a participant or by reasons of ill health disability redundancy retirement or employment being transferred outside the Group In these circumstances the committee has the discretion to pro-rate according to time served and the extent to which the performance conditions have been satisfied during the curtailed period If employment ends for any other reason the plan rules permit the committee to exercise its discretion and acting fairly and reasonably determine within 30 days of cessation of employment the terms on which an option may be exercised or the options will lapse The plan rules provide that options may become exercisable as a result of change of control or voluntary winding-up

Where the director participates in the Sharesave Plan awards may vest or become exercisable on or following termination in accordance with the plan rules

Pension benefits provided for the period of employment with the Group up to and including the termination date will be as set out in the rules of the pension scheme of which the executive director is a member and no enhancement is payable except to the extent that the cost of any enhancement if implemented, is deducted from the executive director s termination payment as determined above

Non-executive directors letters of appointment may be terminated without notice or compensation

External appointments
The board recognises the benefit which the Group can obtain if the executive directors serve as non-executive directors of other companies Subject to review in each case, the board's general policy is that each executive director may accept one non-executive directorship with another company from which any fees received may be retained At present neither of the executive directors hold any outside directorships

Statement of consideration of employment conditions elsewhere in the Group
The Group aims to provide a remuneration package to all employees that is market competitive complies with any statutory requirements and is applied fairly and equitably across the employee population taking into account local employment market conditions

All employees receive a base salary/wage may join a pension scheme when eligible or have equivalent state provided pension benefits UK based employees are eligible to participate in the Sharesave Plan (subject to a minimum service requirement) when an invitation is offered

Senior management s remuneration has the same core components as set out in the Policy i e base salary annual incentive/bonus taxable benefits pension provision life assurance and UK based employees are eligible to participate in the Sharesave Plan and CSOP Annual incentive/bonus arrangements have the same core structure and payout mechanism but are based on operational budgets and KPIs specific to each operation The maximum annual incentive/bonus award varies according to seniority

At present senior management are not required to reinvest part of their annual incentive/bonus into shares or retain shares exercised under CSOP for a minimum period This policy will be subject to further consideration during the year

The committee takes into account the general basic salary increase being offered to employees elsewhere in the Group when annually reviewing the salary increases and remuneration for the executive directors Employees have not been consulted in respect of the design of the Company s senior executive remuneration policy to date, although the committee will keep this under review

Statement of consideration of shareholder views
The committee takes into account shareholder feedback received on remuneration matters including comments made in relation to the AGM plus any additional comments received during any meetings with shareholders or in correspondence direct with the Company The committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Policy

Details of votes cast for and against the resolution to approve last year s directors remuneration report and any matters discussed with shareholders are set out under 'Statement of voting at the last AGM on page 51

Legacy matters
The committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding they are not in line with the Policy set out above where the terms of payment were agreed before the Policy came into effect or at a time when the relevant individual was not a director of the Company and in the opinion of the committee the payment was not in consideration for the individual becoming a director of the Company

For these purposes the term payments includes the committee satisfying awards of variable remuneration and in relation to an award over shares, the terms of payment are agreed at the time the award is granted

ANNUAL REPORT ON REMUNERATION (subject to audit)

Single total figure of remuneration

The tables below report the total remuneration for each person who served as a director of the Company during the financial years ended 31st December 2013 and 31st December 2012

Year ended 31st December 2013

£	Salary/fees	Taxable benefits	Annual incentive	Long-term incentives	Salary in lieu of pension above the earnings cap	Valuation of benefits under pension schemes and life assurance arrangements	Total
W B McGrath	507,108	29 157	103 704	-	84,372	55 641	**779,982**
S M Smith	291 297	22 567	59 570	-	36 900	26 804	**437,138**
J D Carling	35 000	-	-	-	-	-	**35,000**
J Coleman	125 000	-	-	-	-	-	**125,000**
P B Dermody	40 000	-	-	-	-	-	**40,000**
P E Jackson	40 000	-	-	-	-	-	**40,000**
R J Worthington (appointed 1 7 2013)	17 917	-	-	-	-	-	**17,917**
Total	**1,056,322**	**51,724**	**163,274**	**-**	**121,272**	**82,445**	**1,475,037**

Year ended 31st December 2012

£	Salary/fees	Taxable benefits	Annual incentive	Long-term incentives	Salary in lieu of pension above the earnings cap	Valuation of benefits under pension schemes and life assurance arrangements	Total
W B McGrath	507108	27 217	95 083	-	84 372	22 254	736 034
S M Smith	291,297	22,567	54 618	-	36 900	1 981*	407 363
J D Carling	35,000	-	-	-	-	-	35 000
J Coleman	125 000	-	-	-	-	-	125 000
P B Dermody	40 000	-	-	-	-	-	40 000
P E Jackson	40,000	-	-	-	-	-	40 000
Total	1 038 405	49 784	149 701	-	121 272	24 235	1 383 397

The figures in the single figure table are derived as follows

Salary/fees - The amount of salary/fees received in the year

Taxable benefits - The taxable value of benefits received during the year These include car or car allowance fuel or equivalent cash allowance and private medical insurance

Annual incentive - An annual incentive of 20 45% of base salary was earned for the year ended 31st December 2013 (2012 18 75%) A description of performance against targets is set out under the heading Annual incentive 2013 on page 47 The directors reinvested over 50% of the 2013 net annual incentive into shares

Long-term incentives - The value of CSOP awards that vest based on performance conditions during the financial year and the value of Sharesave Plan options granted during the financial year based on the fair value of the options at the date of grant No CSOP options vested during the financial year and no Sharesave Plan options were granted during the financial year

Salary in lieu - The salary supplement received by the executive directors in lieu of pension on remuneration above the pre-6th April 2006 statutory earnings cap projected forward to 2009 and frozen at that level at the end of 2009

Valuation of benefits under pension schemes - The pension figures represent the value of all pensions and life assurance related benefits and alternatives thereto earned by or provided for the executive directors in the financial year Under the defined benefit pension scheme provided to the current executive directors, the net value of pension benefits earned in the financial year calculated using the HMRC method (using a multiplier of 20) and the life assurance premiums paid on behalf of the executive directors during the year (non-taxable) Further details on pension benefits are set out on page 48

*The net value of pension benefits earned by Shaun Smith in the year ended 31st December 2012 was a negative value of £9 600 (this was the result of the value of the accrued pension at 31st December 2011 increased by the inflation rate for 2012 at 5 2% being higher than the value of the accrued pension at 31st December 2012) - in accordance with section 8(3) of the Regulations, other than in respect of recovery or withholding a negative value must be expressed as zero £1 981 relates to the life assurance premium

Implementation statement

A summary of remuneration arrangements in 2013 and how the Policy will be applied during 2014 is set out below

Base salary

The committee agreed to freeze executive base salary levels in 2012 and 2013 based on the benchmarking exercise undertaken by external remuneration advisers MM&K Limited (MM&K) with the objective of reducing the fixed proportion of the total remuneration package The committee has re-considered base salaries for 2014 The Group s employees are, in general receiving pay rises ranging from 0% to 2 5% depending on individual and operational performance (excluding increases relating to change of role and responsibilities such as promotions etc) The committee agreed that there would be no increase to executive directors salaries effective from 1st January 2014

£	2014	2013	% increase
W B McGrath	£507 108	£507 108	0%
S M Smith	£291 297	£291 297	0%

The remuneration of non-executive directors (excluding the chairman of the board) is determined by the board as a whole on the recommendation of the executive directors Non-executive directors base fees have not been amended since 2007 Based on publicly available data on fees paid to non-executive directors of FTSE SmallCap Index companies there were indications that the base fees had fallen behind the market median The executive directors recommended to the board that non-executive directors' base fees be increased from £35 000 to £40,000 per annum effective from 1st January 2014 There was no change to the chairman s fee

Role	2014	2013
Chairman	£125 000	£125 000
Non-executive director	£40 000	£35 000
Committee chair/senior independent director	£5 000	£5 000

No additional fees are paid for attendance or being a member of a board committee A fee of £5 000 is paid for chairing the audit and risk committee the nomination committee and the remuneration committee John Coleman currently chairs the nomination committee and the separate fee for this has been included in his base fee since appointment A fee of £5 000 may also be paid for fulfilling the role of the senior independent director

Annual incentive 2013

The maximum annual incentive payable is 75% of base salary subject to the achievement of challenging performance targets set by the committee at the beginning of each financial year Performance is monitored against the targets set throughout the year Following completion of the audit the committee considered the performance and outcome against the pre-set financial targets and the agreed strategic/personal objectives

The directors consider that the financial and strategic targets set are commercially sensitive and we would not wish to disclose these to competitors The committee will continue to disclose retrospectively the incentive earned each year and how the incentive paid relates to the financial targets and strategic/personal objectives set where it considers it appropriate to do so However the committee may decide that some targets and objectives must remain confidential to the Company The table below sets out the weighting and targets for the 2013 annual incentive plan

	Group operating profit	Operating cash flow	Range cooker units sold	Strategic objectives
Weighting	50%	8 3%	16 7%	25%
Maximum % base salary	37 5%	6 25%	12 5%	18 75%
In line with expectations	£9 5m	£7 3m	Commercially sensitive	Commercially sensitive
Earned	14 2%	nil	6 25%	nil

For the financial objectives for performance in line with expectations 50% of maximum award is earned with a sliding scale operating from threshold to maximum level Performance against the strategic/personal objectives set are considered by the committee and they determine whether sufficient progress has been made against the objective to justify an incentive payment

For 2013, an incentive of 20 45% of base salary was earned by each of the executive directors based on the improvement in Group operating profit and successful achievement of the target set for sales of AGA Total Control and AGA Dual Control cookers in 2013 The other financial targets were not achieved The three strategic objectives were based on the development of sales in China development of other strategic partnerships and opportunities to create value from the Group s assets Whilst appreciable progress was made the committee having objectively reviewed performance decided that the threshold level had not been achieved and therefore no incentive was earned in relation to the strategic/personal objectives

Having taken into account the sustained improvement in the performance of the business and following due consideration the committee recommended to the board that an incentive award of 20 45% of base salary be paid for the 2013 year No discretion was applied by the committee in arriving at this decision The executive directors will reinvest over 50% of the net incentive paid in shares

Annual incentive 2014
No changes are proposed to the structure of the annual incentive plan for 2014 The maximum award under the plan will remain at 75% of base salary Up to three quarters of the total incentive may be earned for on target performance against the financial targets set (Group operating profit operating cash flow and product sales targets) A sliding scale operates for the financial targets with half the incentive being earned for delivery in line with the Company s expectations Up to one quarter of the total incentive may be earned for the achievement of strategic/personal objectives where the committee determines at the end of the financial year whether the objectives have been satisfactorily achieved For the reasons set out above the committee considers that the financial and strategic targets are commercially sensitive and should remain confidential to the Company The committee will continue to disclose how the incentive earned relates to the performance against the targets on a retrospective basis

Scheme interests awarded during the financial year
The committee considered whether it was appropriate to make further awards of options under the CSOP or to make a further invitation under the Sharesave Plan during 2013 Following due consideration and on consulting with the executive directors it was agreed that no awards of options would be made in 2013 The committee will consider whether it is appropriate to make further awards of options under the CSOP during 2014 As set out in the Policy it is not the board s current intention (on recommendation of the committee) to issue more than the equivalent of 100% of base salary in nil-cost options over a rolling three year period If an award is granted in 2014 it is the intention that 50% of an award will be measured against relative TSR and 50% of an award measured against EPS growth targets as set out in the Policy

Awards vesting in respect of the financial year
No awards under the CSOP vested or were exercised during the year Awards under the Sharesave Plan were granted in 2008 at an option price of 209 pence per share and no discount was granted on market value For those participants saving for five years the options remain underwater Options can be exercised up to 31st May 2014

Total pension entitlements
The Company closed the pre-existing Group UK pension scheme operated for executive directors and other senior employees in 1998 and thereafter such employees join the current Group UK pension scheme on the same basis as applies to all other new employees from time to time Subsequently the Company closed the current Group UK pension scheme to new members on a defined benefit basis of pension provision in 2001 and froze the pensionable salaries of current active defined benefit members of the scheme at the end of 2009 for higher earners and in January 2010 for all other active defined benefit members From 2002 new members of the scheme join on a defined contribution basis of pension provision

The Group became subject to the pensions auto-enrolment requirements in the UK in 2014 and a new defined contribution pension vehicle was put in place from 1st January 2014 for new contributors

The current executive directors were members of the pre-existing Group UK pension scheme which closed in 1998 and are current members of the Group s current UK pension scheme on a defined benefit basis of pension provision

Details of the pensions accrued in the defined benefit scheme for the current executive directors are shown in the table below

	Accrued pension at 31st December 2013	Changes in accrued pension over the year (net of inflation)	Normal retirement date
W B McGrath	£63 400	£2 600	60 years
S M Smith	£63100	£1,400	60 years

On their retirement from service at their normal retirement age of 60 the arrangements provide for a pension of two-thirds of final pensionable salary William McGrath s pension accrues annually at a rate of around one thirty-first of pensionable remuneration while Shaun Smith s pension effectively accrues annually at a rate of around one forty-fifth of pensionable remuneration (compared with the predominant accrual rate of one sixtieth of pensionable salary under the current scheme)

Early retirement can be taken from the age of 55 years provided the Company gives its consent The accrued pension will then be reduced to take into account its early payment

William McGrath and Shaun Smith each commenced pensionable service with the Group at a time when higher earners pensionable remuneration was subject to the statutory earnings cap Therefore only part of their remuneration is pensionable the equivalent of the statutory cap projected forward to 2009 was £123 600 and as a consequence of an amendment made to the pension scheme at the end of 2009 for higher earners their pensionable remuneration has now been frozen at this level No other payments are pensionable and there are no unfunded pension promises or similar arrangements for directors William McGrath and Shaun Smith receive additional salary in lieu of pension on remuneration above the statutory cap as detailed in the single total figure of remuneration table on page 46

Life assurance on death in service cover (equal to four times base salary) is arranged for the current executive directors this is not a taxable benefit

Payment to past directors
There were no payments to past directors during the period in respect of services provided to the Company as a director

Payments for loss of office
There were no payments made to directors during the period in respect of loss of office

Statement of directors' shareholding and share interests

The table below sets out the interests in shares in the Company of the directors including interests of connected persons the total number of scheme interests differentiating between those with and without performance conditions and unvested and those vested or exercised during the year This information is correct at 31st December 2013 and at the time of signing the balance sheet on 7th March 2014

Director	Type	Shares owned outright	Options exercised during the year	Options vested but unexercised	Unvested: Subject to performance conditions	Unvested: Not subject to performance conditions	Total as at 31st December 2013
Executive directors							
W B McGrath	Shares	221,886	n/a	n/a	n/a	n/a	**221,886**
	CSOP	n/a	0	n/a	386 956	n/a	**386,956**
	Sharesave	n/a	0	8 014	n/a	n/a	**8,014**
S M Smith	Shares	156,897	n/a	n/a	n/a	n/a	**156,897**
	CSOP	n/a	0	n/a	232 659	n/a	**232,659**
	Sharesave	n/a	0	8 014	n/a	n/a	**8,014**
Non-executive directors							
J D Carling	Shares	5,000	n/a	n/a	n/a	n/a	**5,000**
J Coleman	Shares	16 510	n/a	n/a	n/a	n/a	**16,510**
P B Dermody	Shares	60 591	n/a	n/a	n/a	n/a	**60,591**
P E Jackson	Shares	7000	n/a	n/a	n/a	n/a	**7,000**
R J Worthington	Shares	0	n/a	n/a	n/a	n/a	**0**

Directors' share options

The interests of directors in options held under the CSOP and the Sharesave Plan at the beginning and end of the financial year are shown in the table below

	Sharesave Plan approved in 2008	CSOP approved in 2010	CSOP approved in 2010
W B McGrath			
At 1st January 2013	8 014	24,390	362 566
At 31st December 2013	**8,014**	**24,390**	**362,566**
S M Smith			
At 1st January 2013	8 014	24 390	208 269
At 31st December 2013	**8,014**	**24,390**	**208,269**
Option grant date	26th September 2008	18th April 2011	16th April 2012
Exercisable period	1st December 2013 to 31st May 2014	18th April 2014 to 17th April 2021	16th April 2015 to 15th April 2022

The exercise price per share in respect of options granted under the Sharesave Plan in 2008 is 209 pence per share

Options granted under the CSOP in 2011 were approved options at a market value of 123 pence per share Options granted under the CSOP in 2012 were nil-cost unapproved options Qualifying performance conditions for the CSOP are shown in note 23 to the accounts

No options were exercised by the directors during the year and therefore no gains were made during 2013 (2012 nil)

The mid-market price of ordinary shares on 31st December 2013 was 169 0 pence and the highest and lowest mid-market prices during the financial year were 71 0 pence and 172 75 pence respectively

The executive directors are expected to build a significant shareholding in the Company The committee has not set a specific minimum shareholding requirement, although it has introduced a policy whereby executive directors invest at least 50% of their net annual incentive earned in shares with a minimum holding period of three years

The directors shareholdings primarily result from market purchases To date William McGrath has invested £370k and Shaun Smith has invested £360k in shares in the Company The executive directors have not sold any shares during the last five years

DIRECTORS' REMUNERATION REPORT CONTINUED

The remainder of the annual report on remuneration is not subject to audit

Performance graph and chief executive remuneration table
The graph below shows the value, at 31st December 2013 of £100 invested in the Company on 1st January 2009 compared to the value of £100 invested in the FTSE All-Share Index The FTSE All-Share Index has been selected as a relevant comparator index because the Company is a constituent member of that index

The table below sets out details of the remuneration of the director undertaking the role of chief executive as required by the Regulations

Year ended 31st December	Total remuneration	Annual incentive paid (% of maximum opportunity)	Long-term incentive vesting against the maximum opportunity
2013	£779 982	27 3%	0%
2012	£736 034	25 0%	0%
2011	£714 301	13 3%	0%
2010	£835 183	44 0%	0%
2009	£765 194	26 7%	0%

During the five year period under review the directors have implemented a series of cost saving initiatives managed various pension fund issues put in place new banking lines overseen the development of new products and established new market development opportunities The Group is in a stronger position to be able to benefit from operational gearing and development opportunities as the market improves

Percentage change in chief executive's remuneration
The table below sets out the percentage change in remuneration of the chief executive and the wider workforce between the years 2012 and 2013 For these purposes the wider workforce is based on all of the Group s employees excluding the Company s directors

Component	Chief Executive	Wider workforce
Salary	0%	2 91%
Taxable benefits	713%	(2 13)%
Annual incentive/bonus	9 06%	(7 60%)
Total	1 68%	2 65%

Relative importance of spend on pay
The table below sets out the percentage change in overall expenditure on pay as a whole across the Group retained earnings/losses and dividends There were no dividends payable in respect of the years ended 2012 and 2013

Measure	2013	2012	% change
Total staff costs	**£80 3m**	£78 0m	2 95%
Retained earnings/(losses)	**(£23 6)**	(£24 1)	2 10%
Dividends	**nil**	nil	0%

Statement of voting at the last AGM
The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes The following table sets out actual voting in respect of the resolution to approve the directors remuneration report at the Company s last AGM which was held on 1st May 2013

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
To approve the directors' remuneration report	31,156 027	91 00	3 081 550	9 00	427 132

Remuneration committee
The committee is appointed by the board and membership comprises Paul Jackson (chairman), Jon Carling John Coleman, Paul Dermody and Rebecca Worthington (from 1st July 2013) The board believes that it is appropriate for John Coleman the board's chairman, to serve as a member of the committee so long as he does not chair the committee in accordance with provision D 2 1 of the Code No committee member has any personal financial interest (other than as a shareholder) or other conflicts of interest in relation to matters to be decided by the committee

The committee met three times during the year and attendance at meetings is set out on page 31

Role of the committee
The committee s terms of reference, which are available on the Company's website (www agarangemaster com) set out its responsibilities which include

- determining and agreeing with the board the remuneration policy for the remuneration of the executive directors other senior executives and the chairman of the board and in respect of any new appointments
- determining the fixed and variable components of the executive directors and senior management's remuneration their contractual terms and compensation arrangements
- approving the design of and determining targets for any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes
- determining the policy for and scope of pension arrangements for executive directors and senior management and
- overseeing any major changes in employee benefit structures throughout the Group

The remuneration of the non-executive directors is decided by the board, within the limit set by the Company s articles

During the year the committee reviewed its composition to ensure there is sufficient expertise and resource for the committee to fufil its responsibilities effectively The committee also reviewed its terms of reference and carried out an annual review of its own performance

Advisers
The committee appointed MM&K in October 2011 as its independent remuneration adviser MM&K do not provide any other service to the Company MM&K undertook a full review of the Company s remuneration policy for the executive directors senior management and the non-executive directors and their recommendations were implemented in 2012 The committee has not taken further external advice on executive/senior management remuneration during 2013

Korn Ferry International has been appointed by the nomination committee to lead the search for a new senior independent director and to provide advice regarding the level of non-executive directors fees Korn Ferry International do not provide any other service to the Company

The chief executive provided advice in respect of the remuneration of the executive management with the assistance of the Group HR director Other senior management and external advisers may be invited to attend meetings No director participates in discussions when his/her own remuneration is under consideration

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER

	Notes	2013 £m	2012 Restated (note 6) £m
Revenue	3	**250 4**	244 6
Net operating costs	4	**(242 2)**	(238 1)
Group operating profit	4	**8 2**	6 5
Pension charge	6	**(3 5)**	(2 9)
Non-recurring costs	4	**(2 2)**	(1 7)
Profit before finance income/(costs) and tax		**2 5**	1 9
Finance income	7	**0 1**	0 4
Finance costs	7	**(1 5)**	(0 6)
Profit before tax		**1 1**	1 7
Tax expense	8	**(0 4)**	(0 2)
Profit for the year		**0 7**	1 5
Profit attributable to			
Equity holders of the parent		**0 8**	1 6
Non-controlling interests		**(0 1)**	(0 1)
Profit for the year		**0 7**	1 5
Earnings per share attributable to equity holders of the parent	11	**p**	p
Basic		**1 2**	2 3
Diluted		**1 1**	2 3

All operations are continuing

Notes to the accounts are on pages 57 to 82

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER

	Notes	2013 £m	2012 Restated (note 6) £m
Profit for the year		**0 7**	1 5
Other comprehensive income/(losses) to be reclassified to profit or loss in subsequent periods			
Exchange adjustments on hedge of net investments	19	**–**	0 6
Exchange differences on translation of foreign operations		**0.4**	(2 8)
Tax on items taken to reserves		**(0 4)**	-
Net other comprehensive income/(losses) to be reclassified to profit or loss in subsequent periods		**–**	(2 2)
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains/(losses) on defined benefit pension schemes	6	**2.3**	(32 7)
Tax on items taken to reserves	8	**(2.3)**	7 4
Net other comprehensive losses not to be reclassified to profit or loss in subsequent periods		–	(25 3)
Other comprehensive losses for the year		**-**	(27 5)
Total comprehensive income/(losses) for the year		**0.7**	(26 0)
Attributable to			
Equity holders of the parent		**0.8**	(25 9)
Non-controlling interests		**(0 1)**	(0 1)
Total comprehensive income/(losses) for the year		**0.7**	(26 0)

Notes to the accounts are on pages 57 to 82

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER

	Notes	2013 £m	2012 Restated (note 6) £m	1st January 2012 Restated (note 6) £m
Non-current assets				
Goodwill	12	**65 4**	65 3	66 7
Intangible assets	13	**25 5**	24 5	23 9
Property plant and equipment	14	**38 6**	38 3	40 8
Other receivables	16	**0 2**	0 6	0 7
Deferred tax assets	21	**11 4**	14 5	10 8
		141 1	143 2	142 9
Current assets				
Inventories	15	**45 1**	45 9	45 5
Trade and other receivables	16	**35 2**	30 9	30 8
Current tax assets		**-**	1 1	1 0
Cash and cash equivalents	18a	**21 2**	21 0	48 1
		101 5	98 9	125 4
Assets held for sale	14	**2 2**	2 2	2 6
Total assets		**244 8**	244 3	270 9
Current liabilities				
Borrowings	18b	**(1 0)**	(1 3)	(1 4)
Trade and other payables	17	**(63 9)**	(61 0)	(65 4)
Current tax liabilities		**(4 0)**	(3 0)	(2 9)
Provisions	20	**(2 8)**	(3 9)	(10 2)
		(71 7)	(69 2)	(79 9)
Net current assets		**29 8**	29 7	45 5
Non-current liabilities				
Borrowings	18b	**(14 3)**	(14 2)	(15 4)
Retirement benefit obligation	6	**(35 8)**	(38 7)	(22 6)
Deferred tax liabilities	21	**(0 8)**	(1 2)	(5 0)
Provisions	20	**(1 5)**	(1 1)	(1 5)
		(52 4)	(55 2)	(44 5)
Total liabilities		**(124 1)**	(124 4)	(124 4)
Net assets		**120 7**	119 9	146 5
Equity				
Share capital	22	**32 5**	32 5	32 5
Share premium account		**29 6**	29 6	29 6
Other reserves	24	**82 2**	81 8	84 0
Retained (losses)/earnings		**(23 6)**	(24 1)	0 2
Equity attributable to equity holders of the parent		**120 7**	119 8	146 3
Non-controlling interests		**-**	0 1	0 2
Total equity		**120 7**	119 9	146 5

The accounts were approved by the board of directors on 7th March 2014 and were signed on its behalf by

W. McGrath

W B McGrath
Chief Executive

Shaun Smith

S M Smith
Finance Director

Notes to the accounts are on pages 57 to 82

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER

	Notes	2013 £m	2012 Restated (note 6) £m
Operating activities			
Profit before tax		**11**	17
Reconciliation of profit before tax to net cash flows			
Net finance costs		**1 4**	0 2
Depreciation of property plant and equipment	14	**4 7**	5 1
Amortisation of intangible assets	13	**2 3**	2 1
Net profit on disposal of property plant and equipment and assets held for sale		**(1 0)**	(0 5)
Share based payments expense		**0 1**	0 2
Decrease/(increase) in inventories		**0 8**	(1 0)
Increase in receivables		**(3 7)**	(0 3)
Increase/(decrease) in payables		**3 3**	(4 2)
Decrease in provisions		**-**	(0 6)
Pension charge	6	**3 5**	2 9
Pension contributions		**(4 1)**	(3 5)
Cash generated from operating activities		**8 4**	2 1
Deficit recovery pension contributions	6	**-**	(16 0)
Cash flows related to discontinued operations	9	**(0 7)**	(6 0)
Finance income		**0 1**	0 4
Finance costs		**(1 4)**	(0 5)
Tax receipt/(payment)		**1 7**	(0 3)
Net cash flows generated from/(used in) operating activities		**8 1**	(20 3)
Investing activities			
Purchase of property plant and equipment		**(5 5)**	(3 7)
Expenditure on intangibles	13	**(3 0)**	(2 7)
Proceeds from disposal of property plant and equipment and assets held for sale		**1 2**	1 0
Net cash used in investing activities		**(7 3)**	(5 4)
Financing activities			
Dividends paid	10	**-**	(0 8)
Borrowing costs		**(0 3)**	(0 2)
Repayment of borrowings		**(0 3)**	(0 3)
Net cash used in financing activities		**(0 6)**	(1 3)
Effects of exchange rate changes on cash and cash equivalents		**-**	(0 1)
Net increase/(decrease) in cash and cash equivalents		**0 2**	(27 1)
Cash and cash equivalents at beginning of year		**21 0**	48 1
Cash and cash equivalents at end of year	18a	**21 2**	21 0

Notes to the accounts are on pages 57 to 82

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent						
	Share capital (note 22) £m	Share premium £m	Other reserves (note 24) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1st January 2012 as reported	32 5	29 6	84 0	21 4	167 5	0 2	167 7
Prior year adjustment (note 6)	-	-	-	(21 2)	(21 2)	-	(21 2)
At 1st January 2012 as restated	32 5	29 6	84 0	0 2	146 3	0 2	146 5
Comprehensive income							
Profit/(loss) for the year	-	-	-	1 6	1 6	(0 1)	1 5
Other comprehensive income/(losses)							
Exchange adjustments on hedge of net investments	-	-	0 6	-	0 6	-	0 6
Exchange differences on translation of foreign operations	-	-	(2 8)	-	(2 8)	-	(2 8)
Actuarial losses on defined benefit pension schemes	-	-	-	(32 7)	(32 7)	-	(32 7)
Tax on defined benefit pension schemes and tax losses	-	-	-	7 4	7 4	-	7 4
Total comprehensive losses for the year to 31st December 2012	-	-	(2 2)	(23 7)	(25 9)	(0 1)	(26 0)
Share based payments	-	-	-	0 2	0 2	-	0 2
Dividends paid	-	-	-	(0 8)	(0 8)	-	(0 8)
At 1st January 2013	32 5	29 6	81 8	(24 1)	119 8	0 1	119 9
Comprehensive income							
Profit/(loss) for the year	-	-	-	0 8	0 8	(0 1)	0 7
Other comprehensive income/(losses)							
Exchange differences on translation of foreign operations	-	-	0 4	-	0 4	-	0 4
Actuarial gains on defined benefit pension schemes	-	-	-	2 3	2 3	-	2 3
Tax on items taken to reserves	-	-	-	(2 7)	(2 7)	-	(2 7)
Total comprehensive income/(losses) for the year to 31st December 2013	-	-	0 4	0 4	0 8	(0 1)	0 7
Share based payments	-	-	-	0 1	0 1	-	0 1
At 31st December 2013	**32 5**	**29 6**	**82 2**	**(23 6)**	**120 7**	**-**	**120 7**

The cumulative amount of goodwill taken direct to reserves since 1985 in respect of businesses that were members of the Group at 31st December 2013 is £6 3m (2012 £6 3m)

Notes to the accounts are on pages 57 to 82

NOTES TO THE ACCOUNTS

1 Corporate information

The consolidated financial statements of the Group which incorporates the financial statements of AGA Rangemaster Group plc and its subsidiaries for the year ended 31st December 2013 were authorised for issue in accordance with a resolution of the directors on 7th March 2014

The Company is a public limited company incorporated and domiciled in the UK whose shares are publicly traded on the London Stock Exchange

The principal activities of the Group are the manufacture and sale of range cookers and kitchen and related home fashions products

2 Accounting policies

Basis of accounting
The Group financial statements presented in this document have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union in accordance with the Companies Act 2006

Critical accounting estimates and judgements
The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results may differ from these estimates under different assumptions and conditions Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances It also requires management to exercise its judgement in the process of applying the Group's accounting policies
Impairment - the Group determines whether goodwill and intangible assets are impaired on an annual basis or more frequently if there are indicators of impairment Other non-current assets, including property plant and equipment are tested for impairment if there are indicators of impairment Impairment testing requires an estimate of future cash flows and the choice of a suitable discount rate (note 13)
Retirement benefits and other post-employment benefits - the valuation of the defined benefit pension plans and other post-employment benefits are determined using actuarial valuations The actuarial valuation involves making assumptions about discount rates expected rates of return on assets future salary increases mortality rates and future pension increases In determining the appropriate discount rate the directors consider the interest rates of corporate bonds with an AA rating or above as set by an internationally acknowledged rating agency and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation Due to the complexity of the valuation the underlying assumptions and the long-term nature of these plans such estimates are subject to significant uncertainty (note 6)
Tax - provisions for tax accruals require judgements on the interpretation of tax legislation developments in tax case law and the potential outcomes of tax audits and appeals In addition, deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which they can be utilised Judgement is required as to the amount that can be recognised based on the likely amount and timing of future taxable profits together with future tax planning strategies Deferred tax balances are dependent on management s expectations regarding the manner and timing of recovery of the related assets (note 21)

Accounting changes in the year
The Group applies for the first time certain standards and amendments that require restatement of previous financial statements These include IAS 19 'Employee Benefits' (Revised 2011) and amendments to IAS 1 Presentation of Financial Statements

The nature and the impact of each new standard/amendment is described below

- IAS 1 Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
  The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI) Items that could be reclassified (or recycled) to profit or loss at a future point in time (e g net gain on hedge of net investment and exchange differences on translation of foreign operations) now have to be presented separately from items that will never be reclassified (e g actuarial gains and losses on defined benefit plans) The amendment affects presentation only and has no impact on the Group s financial position or performance
- IAS 1 Clarification of the Requirement for Comparative Information (Amendment)
  The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period The additional voluntarily comparative information does not need to be presented in a complete set of financial statements
  An opening statement of financial position (known as the third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes

2. Accounting policies continued

- IAS 19 Employee Benefits (Revised 2011) (IAS 19R)
  IAS 19R includes a number of amendments to the accounting for defined benefit plans including expected returns on pension schemes assets which are no longer recognised in profit or loss Instead interest on the net defined benefit obligation is recognised in profit or loss calculated using the discount rate used to measure the pension liability Costs of managing the plan assets are deducted in determining the return on plan assets which are recognised in OCI and where relevant to the scheme profile the present value of projected future general administration expenses that are a direct consequence of past service are now included as part of the retirement benefit obligation rather than being included in the current service cost Unvested past service costs are now recognised in profit or loss at the earlier of when the amendment to the plan giving rise to the past service cost occurs or when the related restructuring or termination costs are recognised Other amendments include new disclosures such as quantitative sensitivity disclosures In the case of the Group, the transition to IAS 19R had an impact on the pension charge in the income statement and the retirement benefit obligation in the balance sheet The effect of the adoption of IAS 19R is explained in note 6
- IFRS 13 Fair Value Measurement
  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements IFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group IFRS 13 also requires specific disclosures on fair values some of which replace existing disclosure requirements in other standards including IFRS 7 Financial Instruments Disclosures

No other standards with a 31st December 2013 adoption date had a material effect on the Group s financial statements
The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

Certain new standards interpretations and amendments to existing standards have been published that are mandatory for the Group s future accounting periods which the Group has not early adopted The relevant ones are set out below These are effective for the first time in the year ending 31st December 2014 unless otherwise stated
- IFRS 7 Offsetting Financial Assets and Financial Liabilities (Amendment)
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (Amended)
- IAS 28 Investments in Associates and Joint Ventures (Amended)
- IAS 36 Recoverable Amount of Disclosures for Non-Financial Assets (Amendment)

The Group has considered the above standards and amendments The Group will comply with these from the respective effective dates The directors anticipate that the adoption of these standards and amendments in future periods will have no material impact on the financial statements

Principal accounting policies
A summary of the Group's principal IFRS accounting policies is set out below

Basis of consolidation
The consolidated income statement and balance sheet include the accounts of the Parent Company and all its subsidiaries made up to the end of the financial year and include the results of subsidiaries and businesses acquired and sold during the year from or up to their effective date of acquisition or sale The Group defines a subsidiary as an entity that the Group has the power to control All intra-group balances and transactions including unrealised profits arising from intra-group transactions are eliminated in full Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred

Non-controlling interests represent the proportion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from the equity attributable to equity holders of the parent

Business combinations and goodwill
Business combinations are accounted for using the acquisition method The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree The choice of measurement of non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis

Acquisition costs incurred are expensed and are included within administrative expenses

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms economic circumstances and pertinent conditions as at the acquisition date This includes the separation of embedded derivatives in host contracts by the acquiree

Any contingent consideration to be transferred by the acquirer will be recognised at its fair value at the acquisition date Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 3 either as a profit or loss or a change to other comprehensive income If the contingent consideration is classified as equity it will not be remeasured until it is finally settled within equity

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest (where the business combination is achieved in stages the acquisition date fair value of the acquirer s previously held equity interest in the acquiree) over the net identifiable amounts of the net assets acquired and the liabilities assumed in exchange for the business combination Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements are accounted for separately from the business combination in accordance with their nature and applicable IFRSs Identifiable intangible assets meeting either the contractual legal or separability criterion are recognised separately from goodwill Contingent liabilities representing a present obligation are recognised if the acquisition date fair value can be measured reliably

If the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages the acquisition date fair value of the acquirer s previously held equity interest in the acquiree) is lower than the fair value of the assets liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in the consolidated income statement

Goodwill arising on acquisitions prior to 1998 was written off to reserves

Revenue recognition

Revenue which excludes value added tax and intra-group revenue principally represents the invoiced value of goods sold services rendered and short-term maintenance contracts Appropriate provisions for returns trade discounts and other allowances are deducted from revenue as appropriate The Group has no barter transactions Revenue is recognised from the sale of goods when the significant risks and rewards of ownership of the goods have passed to the buyer and can be readily measured This is deemed to be when the goods have been dispatched or are available for delivery the customer has paid and the title has passed to the customer

Revenue from services rendered is recognised in the accounting period in which the services are rendered by reference to the stage of completion of the specific transaction and are assessed on the basis of the fair value of the actual service provided as a proportion of the fair value of the total services to be provided

Post retirement benefits

The Group operates both defined benefit and defined contribution pension schemes

Defined benefit pension schemes - the employer s portion of the current service costs settlement gains and curtailment gains are charged to the consolidated income statement for these schemes with the net interest cost also being charged to the consolidated income statement Net interest is determined by multiplying the net defined benefit liability by the discount rate both as determined at the start of the annual reporting period taking into account any changes in the net defined liability during the period as a result of contributions and benefit payments When a settlement or a curtailment occurs the obligation and scheme assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the consolidated income statement during the year in which the settlement or curtailment occurs Actuarial gains and losses are recognised in the consolidated statement of comprehensive income and the consolidated balance sheet reflects the schemes' surplus or deficit at the balance sheet date The determination of the present value of obligations and the fair value of scheme assets is carried out with sufficient regularity that the amounts recognised in the financial statements can be determined at the end of the reporting period A full valuation on an actuarial basis is carried out triennially using the projected unit credit method The defined benefit pension asset or liability in the consolidated balance sheet comprises the total for each scheme of the present value of the defined benefit obligation, using a discount rate based on high quality corporate bonds and less the fair value of scheme assets out of which the obligations are to be settled directly Fair value is based on market price information and in the case of quoted securities is the published bid price Measurement of defined benefit obligations requires an estimation of future changes in salaries and inflation as well as mortality rates, and the selection of a suitable discount rate

An asset is recognised when the employer has an unconditional right to use the surplus at some point during the life of the scheme or on its winding up To the extent that future funding commitments payable will not be available after they are paid into the scheme the Group recognises a liability when the obligation arises

Costs of managing the plan assets are deducted as incurred in determining the return on plan assets which are recognised in OCI and the present value of projected future general administration expenses that are a direct consequence of past service are included as part of the retirement benefit obligation

Defined contribution schemes - payments to defined contribution schemes are charged to the consolidated income statement as they become payable

NOTES TO THE ACCOUNTS CONTINUED

2 Accounting policies continued

Intangible assets

Research costs are expensed as incurred Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset and
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset the asset is carried at cost less any accumulated amortisation and accumulated impairment losses Amortisation of the asset begins when development is complete and the asset is available for use It is amortised evenly over its useful life the period of expected future benefit, which in all cases does not exceed seven and a half years During the period of development the asset is tested for impairment annually

Computer software licences acquired costs associated with the development of software products and software that is not integral to a related item of hardware are recognised as intangible assets and are amortised evenly over their useful lives up to a maximum of five years Development costs mainly arise from internal development Brands have been acquired separately

Impairment of goodwill and intangibles

Goodwill is subject to an impairment review annually or when there are indications that the carrying value may not be recoverable An impairment loss is recognised in the consolidated income statement for the amount by which the asset s carrying value exceeds its recoverable amount The recoverable amount is the higher of an asset s fair value less costs to sell and its discounted value in use For the purpose of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash inflows The carrying amount of goodwill allocated to a cash-generating unit (CGU') is taken into account when determining the gain or loss on disposal of a unit

Separable intangible assets such as trademarks licences and brands are recognised separately from goodwill on all acquisitions after 1st January 2004 the date of transition to IFRS and they are carried at cost less accumulated amortisation and are amortised over their estimated useful life Brands identified in certain business combinations have been assessed as having an indefinite useful life In reaching this assessment account was made of their market-leading position in niche markets premium image length of history and fashion These factors are coupled with continuing marketing spend to maintain the brand These brands are assessed for impairment on an annual basis or sooner where there is indication of impairment The carrying values are assessed by reference to the net present values of forecast future cash flows For brands the Royalty Relief Methodology is used This is based on the notion of what an independent third party would need to pay a brand owner in order to use that brand name in a particular marketplace or defined territory

Assets held for sale

Assets held for sale are valued at the lower of carrying amount and fair value less costs to sell The assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification

Property, plant and equipment

Property plant and equipment is held at cost less accumulated depreciation Depreciation is provided on property plant and equipment other than freehold land and assets in the course of construction at rates calculated to write off the cost of each asset on a straight line basis down to its residual value as follows

- Freehold buildings over 50 years
- Leasehold buildings over 50 years or the period of the lease whichever is less
- Plant and equipment over a period of 3 to 12½ years

The Group annually reviews the assessment of residual values and useful lives in accordance with IAS 16 The carrying value of property plant and equipment is reviewed for impairment if there are indicators that the carrying value may not be recoverable

The gain or loss arising on the disposal of an asset is determined as the difference between the net sales proceeds and the carrying value of the asset and is recognised in the consolidated income statement

Leases

Assets held under leases and hire purchase contracts where the Group has substantially all the risks and rewards of ownership are capitalised as owned property plant and equipment and the obligations relating thereto excluding finance charges, are included in borrowings Finance costs are charged to the consolidated income statement over the contract term to give a constant rate of interest on the outstanding balance Finance lease assets held as property, plant and equipment are depreciated over the shorter of the asset s expected useful life and the lease term

Payments in respect of operating leases net of any incentives received are charged in arriving at the operating profit on a straight line basis over the period of the lease

Inventories
The Group s inventories are valued at the lower of cost on a first in first out basis and net realisable value Cost includes a proportion of production overheads based on normal levels of activity Provision is made for any obsolete or slow moving items

Borrowings
Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective rate interest method Gains and losses arising on the repurchase settlement or cancellation of liabilities are recognised respectively in finance income and finance cost

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability at the balance sheet date

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less For the purpose of the consolidated cash flow statement cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts

Foreign currency translation
Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date All differences are taken to the consolidated income statement except when hedge accounting is applied and for differences on monetary assets and liabilities that form part of the Group s net investment in a foreign operation These differences are taken directly to the consolidated statement of comprehensive income until the disposal of the net investment when the deferred cumulative amount recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement

For each currency exchange differences arising from the translation of foreign currency borrowings used to finance foreign currency investments have been offset as reserves movements against exchange differences arising on the retranslation of the net investment in that currency

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date Income and expenses are translated at the average exchange rate for the month in which they arise The main foreign currencies used are US Dollars and Euros The year end rate of exchange used for the Euro was 1 20 (2012 1 23) and for the US Dollar was 1 66 (2012 1 63) and the average rates were 1 18 (2012 1 23) and 1 57 (2012 1 59) respectively The resulting exchange differences are taken directly to the consolidated statement of comprehensive income

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined

Financial assets
Financial assets include cash and short-term deposits, trade and other receivables loan notes quoted and unquoted financial instruments and derivative financial instruments

Financial assets within the scope of IAS 39 Financial Instruments' are classified as financial assets at fair value through profit or loss loans and receivables held-to-maturity investments available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge as appropriate The Group determines the classification of its financial assets at initial recognition

All financial assets are recognised initially at fair value plus in the case of investments not at fair value through profit or loss directly attributable transaction costs

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount
A provision is made when there is objective evidence that the Group will not be able to recover balances in full

Dividends
Final dividends are only recognised at the point when they are declared and approved by the shareholders at the AGM
Interim dividends are recognised on payment

2 Accounting policies continued

Derivative financial instruments and hedging
Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments Assets and liabilities are carried in the consolidated balance sheet at fair value with gains or losses recognised in the consolidated income statement

Where appropriate the Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations The Group does not hold or issue derivative financial instruments for speculative purposes

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles The fair value of interest rate swap contracts is determined by reference to market values for similar instruments

Where the criteria are met for hedge accounting it is applied to the forward foreign exchange contracts put in place to reduce exposure to currency denominated sales and purchases

Where the criteria for hedge accounting are not met, or the Group elects not to hedge account gains and losses on the fair value of forward contracts are taken to the consolidated income statement as they arise

For those derivatives designated as hedges and for which hedge accounting is desired the hedging relationship is documented at its inception This documentation identifies the hedging instrument the hedged item or transaction the nature of the risk being hedged and how the effectiveness will be measured throughout its duration Such hedges are expected to be highly effective at inception

For the purpose of hedge accounting, a hedge is classified as
- a fair value hedge i e a hedge of the fair value of an asset or a liability Changes in the fair value of derivative instruments that are designated and qualify as fair value hedges are recorded in the consolidated income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk
- a cash flow hedge i e a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction Changes in the fair value of derivative instruments designated as cash flow hedges such as forward foreign exchange contracts are recognised as other comprehensive income to the extent that the hedges are effective Any ineffective portion is recognised in the consolidated income statement Amounts deferred in equity are released when the forecast hedged transaction impacts the consolidated income statement, and
- a hedge of a net investment in a foreign entity The Group hedges net investments in foreign entities primarily through currency borrowings Any gains or losses on the translation of the borrowings are recognised as other comprehensive income As the hedge relationship is expected to remain highly effective the accounting treatment will be applied on an ongoing basis until the Group revokes the designation or the investment is disposed of

Current and deferred tax
Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the relevant tax authorities based on tax rates and laws that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income

Deferred tax is provided in full using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements However the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future

The Group has not provided for deferred tax in relation to temporary differences associated with undistributed earnings of subsidiaries However, based on current enacted law and on the basis that the Group is in a position to control the timing and realisation of these temporary differences no material tax consequences are expected to arise

Employee share options
IFRS 2 Share-based Payment requires that the cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by external valuation using an appropriate pricing model In valuing equity-settled transactions no account is taken of any service or performance conditions (vesting conditions) other than performance conditions linked to the price of the shares of the Company (market conditions) Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions Market performance conditions and non-vesting conditions are taken into account in determining the grant date fair value Further details are given in note 23

No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied provided that all other non-market vesting conditions are satisfied

Where an equity-settled award is cancelled it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the consolidated income statement for the award is expensed immediately Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated income statement

Provisions
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation If the effect is material expected future cash flows are discounted using a current pre-tax rate that reflects where appropriate the risks specific to the liability Where the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when recovery is virtually certain The expense relating to any provision is recognised in the consolidated income statement net of any reimbursement

Non-recurring costs
The Group presents as non-recurring items on the face of the consolidated income statement those material items of income and expense which, because of the non-recurring nature and expected infrequency of the events giving rise to them merit separate presentation to allow shareholders to understand better the elements of financial performance in the year so as to facilitate comparison with prior periods and to better assess trends in financial performance

3 Segmental analysis

An operating segment is described in IFRS 8 Operating Segments as a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker (CODM) to make decisions about the resources to be allocated to the segment and assess its performance and for which discrete financial information is available The directors consider that there are two operating segments namely AGA (which comprises the brands and operations of AGA Rayburn, Fired Earth Grange Redfyre and Waterford Stanley) and Rangemaster (which comprises the brands and operations of AGA Marvel Divertimenti Heartland La Cornue and Rangemaster) Two areas of the business were identified over which the directors allocate resource, plan purchasing and manufacturing, have combined sales targets incentives and marketing programmes These areas were determined to be the level at which the CODM makes decisions and were deemed to be the operating segments of AGA' and Rangemaster The strategy as set by the board is for the Group to be seen as a global consumer brand which sells range cookers kitchen and related home fashions products internationally with cross-selling opportunities creating appreciable competitive advantage for all our individual brands

The operating results of the operating segments for which discrete information is available are regularly reviewed by the CODM, which consists of the chief executive and his senior management team to make decisions about the resources to be allocated to the segments and assess their performance Management s focus is on the cross-selling of all consumer products to our customer database - e g AGA Marvel is responsible for distributing product manufactured in the UK at our Leamington Spa (range cookers) and Telford (cast iron cookers) factories, which are then sold in North America under the AGA brand Waterford Stanley is the distributor for Rangemaster and Rayburn products into Ireland and Grange has developed products that are sold under its own brand and the Fired Earth brand

Our customers are substantially of the same demographic At the heart of our sales strategy we look to sell packages of products to our customer base which for example, may include AGA Fired Earth Rangemaster or AGA Marvel branded products and in addition this is how our senior management are now incentivised to achieve Group targets

The two operating segments are considered to meet the aggregation criteria of IFRS 8 in full and so the directors consider that there is only one aggregated reportable segment as the two segments have similar economic characteristics products and services production processes types and classes of customer and methods of distribution The directors consider the aggregated reportable segment to be the manufacture and sale of range cookers kitchen and related home fashions product, from which the Group derives most of its revenue All Group companies are subject to similar economic forces and comparable regulatory environments

NOTES TO THE ACCOUNTS CONTINUED

3. Segmental analysis continued

Disclosures in respect of revenues from external customers and non-current assets are provided below

	2013		2012	
	Revenue £m	**Non-current assets £m**	Revenue £m	Non-current assets Restated (note 6) £m
United Kingdom	**158 0**	**58 8**	155 2	59 6
North America	**32 1**	**28 3**	29 4	29 1
Europe	**54 0**	**42 6**	53 2	40 0
Rest of World	**6 3**	**-**	6 8	-
Total operations	**250 4**	**129 7**	244 6	128 7
Tax	**-**	**11 4**	-	14 5
Total	**250 4**	**141 1**	244 6	143 2

4. Net operating costs

	2013 £m	Restated 2012 £m
Raw materials consumables and changes in inventories of finished goods and work in progress	**102 6**	99 1
Staff costs (note 5)	**76 8**	75 1
Other operating charges	**56 1**	57 3
Other operating income	**(0 3)**	(0 6)
Amortisation of intangibles (note 13)	**2 3**	2 1
Depreciation of property plant and equipment (note 14)	**4 7**	5 1
Total net operating costs	**242 2**	238 1

The 2012 raw materials consumables and changes in inventories of finished goods and work in progress figure has been restated to include £1 2m costs that were previously included in other operating charges

	2013 £m	2012 £m
Group operating profit for the year is stated after charging/(crediting)		
Net profit on disposal of property, plant and equipment and assets held for sale	**(1 0)**	(0 5)
Trade receivables impairment (note 16)	**0 6**	0 5
Raw materials, consumables and changes in inventories of finished goods and work in progress include		
- Inventory provision credited in the year (note 15)	**(0 2)**	(0 4)
Research and development expenditure	**1 0**	0 8
Depreciation of property plant and equipment (note 14)	**4 7**	5 1
Amortisation of intangibles (note 13)	**2 3**	2 1
Operating lease rentals payable		
- Plant and machinery	**2 5**	2 2
- Land and buildings	**7 0**	7 4
Net exchange differences	**(0 3)**	(0 3)
Auditor s remuneration		
- Fees payable to Company s auditor for the audit of the Company's annual accounts	**0 1**	0 1
- The audit of the Company s subsidiaries	**0 2**	0 2
Other fees to auditor		
- Taxation advisory services	**0 1**	0 1
- Taxation compliance services	**-**	0 1
- Other services	**0 1**	0 1

Non-recurring costs

The non-recurring costs during the year of £2 2m related to site rationalisation programmes initiated in the year involving Waterford Stanley in Ireland and Grange in France and the costs of closing certain retailing outlets and the warehouse at Grange in North America The directors do not expect further costs of this level and nature in the next accounting period

In 2012 the non-recurring costs amounted to £1 7m and related to the reorganisation of our AGA Rangemaster distribution operations and retail structures

5 Employee information

Average number of employees (including directors)	2013	2012
Production	**1,325**	1 302
Selling and distribution	**731**	723
Administration and support services	**460**	472
Total average number of employees	**2,516**	2 497

Total staff costs (including directors)	2013 £m	2012 Restated (note 6) £m
Wages and salaries	**66 7**	65 1
Social security costs	**8.8**	8 9
Share based payments	**0 1**	0 2
Other pensions costs (note 6)	**1.2**	0 9
Staff costs (note 4)	**76 8**	75 1
Net pension charge (note 6)	**3 5**	2 9
Total staff costs	**80 3**	78 0

Other pensions costs relate to contributions under defined contribution schemes and are included within Group operating profit The net pension charge relates to defined benefit schemes and is separately presented on the face of the consolidated income statement

Directors' remuneration	2013 £m	2012 £m
Salaries and benefits in kind	**1.6**	1 5
Total directors' remuneration	**1 6**	1 5

There are no amounts receivable under the Group s LTIP scheme (2012 nil)

There are two directors who accrued benefits under the defined benefit pension scheme (2012 two)

6 Pensions

The Group operates several pension schemes the main one is the AGA Rangemaster Group Pension Scheme which covers the majority of UK employees Membership on a defined benefit basis was closed to new entrants in 2001 but the scheme remains open to new entrants on a defined contribution basis The other defined benefit schemes operating within the Group are the Amari plc Pension and Life Assurance Plan in the UK the Northland Corporation U A W Retirement Income Plan in the US the Grange Pension Scheme in France and the Waterford Stanley Limited Retirement Benefits Scheme in Ireland The assets are held in trust funds separate from the Group s assets although they are included in the Group s consolidated balance sheet Various defined contribution schemes exist across the Group and the total contributions in the year were £1 2m (2012 £0 9m) which are included under staff costs in note 5

The latest full triennial actuarial valuation of the main UK scheme was carried out by Towers Watson Limited independent consulting actuaries as at 31st December 2011 using the projected unit credit method which showed an actuarial deficit of £228m An actuarial report as at 31st December 2012 showed an actuarial deficit of £169m The actuarial valuation as at 31st December 2008 showed an actuarial deficit of £161m reducing to £76m as at 31st December 2009 and an actuarial report as at 31st December 2010 showed an actuarial deficit of £62m

Defined benefit scheme contributions of £3 3m (2012 £2 7m) based on pensionable salaries, no additional contributions (2012 £16 0m) and other payments of £0 8m (2012 £0 8m) were made by the Group during the year ended 31st December 2013 Contributions of £0 2m (2012 £0 2m) were owed to the scheme at 31st December 2013

Contributions for 2014 under the main UK scheme will be 18 6% (2013 18 1%) for all members accruing benefits on a final salary basis with the exception of four members of the former 1970 scheme who will accrue benefits at 39 2% (2013 38 2%) of capped basic salaries Normal contributions of around £3 0m and other payments of around £0 8m are set out to be paid by the Group during 2014 Under the deficit recovery plan put in place, on completion of the last full triennial actuarial valuation as at 31st December 2011, the following amounts are payable into the scheme £4 0m in 2015 £10 0m a year from 2016 to 2021 inclusive and an additional payment of £30 0m on 31st December 2020 see note 27 These arrangements may be reviewed with the completion of the next full triennial actuarial valuation to be undertaken as at 31st December 2014

6. Pensions continued

Restatement

IAS 19R has been applied retrospectively from 1st January 2012 As a result expected returns on pension schemes assets are no longer recognised in profit or loss Instead, net interest on the net defined benefit obligation is recognised in profit or loss, calculated using the discount rate used to measure the pension liability Given the profile of the scheme the present value of projected future general administration expenses that are a direct consequence of past service paid by the scheme and the Company has now been included as part of the retirement benefit obligation rather than being included in the current service cost and the costs of managing the plan assets are deducted as incurred in determining the return on plan assets which is recognised in other comprehensive income

The impact on the 2012 consolidated income statement, consolidated statement of comprehensive income consolidated balance sheet and EPS is as follows There was no overall impact to the cash used in operating activities in the cashflow statement

Impact on the consolidated income statement	2012 £m
Decrease in current service cost	11
Increase in net interest on net defined benefit obligation	(78)
Increase in net pension charge	(6 7)
Decrease in tax expense	1 4
Impact on the consolidated income statement	(5 3)

Impact on the consolidated statement of comprehensive income	
Decrease in profit for the period	(5 3)
Decrease in actuarial losses on defined benefit pension schemes	6 9
Decrease in tax on net defined benefit pension schemes	(1 7)
Impact on the consolidated statement of comprehensive income	(0 1)

Impact on the consolidated balance sheet	
Increase in the retirement benefit obligation	(27 7)
Increase in the deferred tax asset	6 4
Net impact on equity holders of the parent	(21 3)

Decrease in earnings per share attributable to equity holders of the parent	p
Basic	(7 7)
Diluted	(7 7)

The net impact on the consolidated balance sheet at 1st January 2012 is a reduction to the equity attributable to equity holders of the parent of £21 2 million, being an increase of £27 9 million to the retirement benefit obligation relating to the present value of projected future general administration expenses and a £6 7 million increase in the related deferred tax asset

The financial assumptions used to calculate the defined benefit schemes liabilities under IAS 19 were

	2013		2012	
	UK schemes %	**Waterford Stanley scheme %**	UK schemes %	Waterford Stanley scheme %
Rate of increase in pensionable salaries	**0 0**	**2 4**	0 0	2 4
Rate of increase of pensions in payment	**2 5-3 4**	**1 9**	1 9-3 0	2 0
Discount rate	**4 5**	**3 9**	4 3	3 8
Inflation rate - in payment	**3 4**	**1 9**	2 7	1 9
Inflation rate - in deferment	**2 4**	**1 9**	1 7	1 9

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least an AA rating with extrapolated maturities corresponding to the expected duration of the defined benefit obligation Future salary increases and pension increases are based on expected future inflation rates for the respective country The mortality rate is based on publicly available mortality tables for the specific country

The demographic assumptions used include rates for mortality which, for example lead to an average projected life expectancy of 19 4 (2012 19 3) years for male members and 21 6 (2012 21 5) years for female members currently aged 65 and of 20 9 (2012 20 8) years from age 65 for male members and 23 1 (2012 23 0) years from age 65 for female members currently aged 50 This data has been provided by Towers Watson Limited

Sensitivities

The value of scheme assets is sensitive to market conditions Changes in assumptions used for determining retirement benefit costs and obligations may have a material impact on the consolidated income statement and the consolidated balance sheet The main assumptions are the discount rate the rate of inflation and the assumed mortality rate The following table provides an estimate of the potential impact on the Group pension schemes of changing each of these variables
In calculating these sensitivities the assumptions have been considered in isolation and do not consider the potential implications should more than one assumption change

		Increase/ (decrease) in liabilities 2013 £m
Discount rate	- 0 5% decrease	**62 1**
	- 0 5% increase	**(55 7)**
Inflation rate	- 0 5% decrease	**(32 3)**
	- 0 5% increase	**46 3**
Mortality rate	- one year increase in life expectancy	**45 5**

The assets and obligations of the aggregated schemes	**2013 %**	**2013 £m**	2012 Restated %	2012 Restated £m
UK equities securities	**6 7**	**55 2**	7 2	57 7
Overseas equity securities	**10 1**	**83 7**	8 9	71 9
Debt securities	**40 1**	**332 1**	43 6	352 6
Real estate/property	**10 3**	**85 7**	10 0	81 2
Cash and cash equivalents	**4 0**	**33 3**	2 4	19 7
Other	**28 8**	**238 9**	27 9	226 0
Fair value of schemes assets	**100 0**	**828 9**	100 0	809 1
Present value of funded obligation		**(864 7)**		(847 8)
Net deficit in the schemes		**(35 8)**		(38 7)

Investments of the defined benefit schemes are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets The largest proportion of assets are invested in debt securities, although the schemes also invest in equities securities in other return-seeking assets including absolute return bond funds diversified growth funds and a fund of hedge funds in real estate/property and in cash

The non-cash and cash equivalents assets at 31st December 2013 are held either in segregated portfolios of listed UK equities securities UK fixed interest and index-linked government debt securities and non-government debt securities (27 8% 2012 29 2%) and unlisted real estate/property and non-government debt securities (12 7% 2012 13 3%) or in a number of pooled funds encompassing diversified investment strategies (55 5% 2012 55 1%) The pooled funds' investment strategies include investing from time to time in a wide range of the asset categories listed above including both listed and unlisted assets and on a global basis The absolute return bond funds the diversified growth funds and the fund of hedge funds target a positive investment return with reduced volatility in the range of investment return outcomes

Included above are assets with a market value of £3 6m (2012 £3 2m) and a deficit of £0 9m (2012 £1 4m) in respect of overseas schemes The foreign exchange impact on the overseas schemes is £nil

The amounts recognised in the consolidated income statement are as follows	**2013 £m**	2012 Restated £m
Current service cost - defined benefit	**2 4**	2 4
Net interest cost on net defined benefit obligation	**1 1**	0 5
Pension charge included in the consolidated income statement	**3 5**	2 9

Taken to comprehensive income	**2013 £m**	2012 Restated £m
Actuarial (gain)/loss - experience	**(0 4)**	14 8
Actuarial loss - financial assumptions	**23 4**	42 6
Return on scheme assets greater than discount rate	**(25 3)**	(24 7)
Recognised in the statement of comprehensive income	**(2 3)**	32 7

6 Pensions continued

Movement in net deficit of the aggregated schemes during the year	2013 £m	2012 Restated £m
Net deficit of the schemes at 1st January as restated	**(38.7)**	(22.6)
Net pension charge	**(3.5)**	(2.9)
Company contributions	**4.1**	19.5
Actuarial gain/(loss)	**2.3**	(32.7)
Net deficit of the schemes at 31st December	**(35.8)**	(38.7)

The cumulative amount recognised in the consolidated statement of comprehensive income since 1st January 2004 is £86.1m loss (2012 restated: £88.4m loss).

Changes in the present value of the defined benefit obligation are as follows	2013 £m	2012 Restated £m
Present value of obligation at 1st January as restated	**847.8**	796.8
Current service cost	**2.4**	2.4
Interest costs on defined benefit obligation	**36.7**	37.2
Member contributions	**0.5**	0.6
Actuarial (gain)/loss - experience	**(0.4)**	14.8
Actuarial loss - financial assumptions	**23.4**	42.6
Benefit payments from scheme assets	**(43.0)**	(44.4)
Administration costs paid	**(2.5)**	-
Other adjustments	**(0.2)**	(2.2)
Present value of obligation at 31st December	**864.7**	847.8

Changes in the fair value of the schemes' assets are as follows	2013 £m	2012 Restated £m
Fair value of schemes' assets at 1st January	**809.1**	774.2
Interest income on schemes' assets	**35.6**	36.7
Return on scheme assets greater than discount rate	**25.3**	24.7
Company contributions	**4.1**	19.5
Member contributions	**0.5**	0.6
Benefit payments (including lump sums on retirement)	**(43.0)**	(41.2)
Administration costs paid	**(2.5)**	(3.2)
Other adjustments	**(0.2)**	(2.2)
Fair value of schemes' assets at 31st December	**828.9**	809.1

The actual gain on the schemes' assets was £60.9m (2012: £61.4m).

Analysis of defined benefit obligation by participant category (AGA Rangemaster Group Pension Scheme only)	2013 £m
Active participants	**73.4**
Deferred participants	**302.6**
Pensioners	**472.2**
Total	**848.2**

The weighted average duration of the defined benefit obligation of the AGA Rangemaster Group Pension Scheme is 14 - 15 years.

Maturity profile of defined benefit obligation (AGA Rangemaster Group Pension Scheme only)	2013 £m
Expected benefit payments during fiscal year ending 31st December	
2014	**42.2**
2015	**42.9**
2016	**43.6**
2017	**44.7**
2018	**45.2**
2019-23	**236.1**

The maturity profile shown above is not the full maturity profile but that of the next ten years based on an analysis of the present value of the defined benefit obligation.

7 Finance (costs)/income

Finance income	2013 £m	2012 £m
Bank interest	0 1	0 2
Interest on repayment from tax authorities	-	0 2
Total finance income	**0 1**	0 4
Finance costs		
Borrowings	(1 3)	(0 4)
Other borrowings	(0 2)	(0 2)
Total finance costs	**(1 5)**	(0 6)
Net finance costs	**(1 4)**	(0 2)

8 Tax on profit for the year

	2013 £m	2012 Restated (note 6) £m
Current tax on income for year	0 9	2 1
Adjustments in respect of prior years	0 2	(0 2)
United Kingdom corporation tax	1 1	1 9
Overseas current tax on income for year	0 2	0 2
Adjustments in respect of prior years	(0 3)	0 2
Overseas corporation tax	(0 1)	0 4
Total current tax charge	**1 0**	2 3
United Kingdom deferred tax credit		
- change in rate of corporation tax	(0 2)	(0 2)
- current year	(0 1)	(0 3)
- adjustments in respect of prior years	-	(0 3)
Overseas deferred tax credit in year	(0 2)	(0 9)
Overseas deferred tax credit in respect of prior years	(0 1)	(0 4)
Total deferred tax credit	**(0 6)**	(2 1)
Total United Kingdom tax	0 8	1 1
Total overseas tax	(0 4)	(0 9)
Tax charge	**0 4**	0 2

Other comprehensive income	2013 £m	2012 Restated (note 6) £m
Corporation tax credit on defined benefit pension schemes	(0 9)	(1 9)
Deferred tax charge/(credit) on defined benefit pension schemes and losses (note 21)	3 2	(5 5)
Total tax on defined benefit pension schemes and losses	**2 3**	(7 4)
Corporation tax on items taken to reserves	0 4	-
Total tax on other comprehensive income	**2 7**	(7 4)

Tax on comprehensive income	2013 £m	2012 Restated (note 6) £m
Current tax charge	0 5	0 4
Deferred tax charge/(credit)	2 6	(7 6)
Total charge/(credit)	**3 1**	(7 2)

8. Tax on profit for the year continued

Factors affecting the future tax charge
A reduction in the UK corporation tax rate from 24% to 23% was substantively enacted in July 2012 and was effective from 1st April 2013 Further reductions in the UK corporation tax rate to 21% from 1st April 2014 and to 20% from 1st April 2015, were substantively enacted in July 2013 and accordingly the substantively enacted rates have been applied in the measurement of the Group s deferred tax assets and liabilities as at 31st December 2013

The total tax assessed for the year is higher than the standard rate of corporation tax in the UK as explained below

	2013 £m	2012 Restated (note 6) £m
Profit before tax	**1 1**	1 7
Profit multiplied by the standard rate of corporation tax in the UK of 23 25% (2012 24 5%)	**0 3**	0 4
Effects of		
– overseas tax rates	**(0 1)**	-
– lower rates of future tax	**(0 2)**	(0 1)
– non-allowable expenditure	**0 1**	0 1
– reduction in deferred tax in respect of intangibles	**-**	(0 7)
– research credits	**(0 3)**	-
– losses not recognised	**1 2**	1 3
– non-taxable income	**-**	(0 1)
– utilisation of tax losses not previously recognised	**(0 4)**	-
– adjustment to tax charge in respect of prior years	**(0 2)**	(0 7)
Total tax charge	**0 4**	0 2

9 Discontinued operations
The cash outflow relating to discontinued operations was £0 7m (2012 £6 0m)

10 Dividends

	2013 £m	2012 £m
Final dividend paid of nil for the year ended 31st December 2012 (2011 1 1 pence)	-	0 8
Interim dividend paid of nil for the year ended 31st December 2013 (2012 nil)	-	-
Amounts recognised as distributions to equity shareholders in the year	**-**	0 8

The directors are not recommending a final dividend in respect of the financial year ended 31st December 2013 (2012 nil)

11 Earnings per share
The basic earnings per share ('EPS) is calculated by dividing the earnings attributable to equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year

For diluted EPS the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares Share options granted to employees represent the potential dilutive shares Share options which are either contingently issuable and for which performance criteria have not been met or options which are anti-dilutive have been excluded from the calculation of the diluted EPS

The earnings and weighted average number of shares are set out below

Earnings for the purpose of the basic and diluted EPS	2013 £m	2012 Restated (note 6) £m
Profit after tax	**0 7**	1 5
Non-controlling interests	**0 1**	0 1
Profit attributable to equity holders of the parent	**0 8**	1 6

Weighted average number of shares in issue	2013 m	2012 m
For basic EPS calculation	**69 3**	69 3
Dilutive effect of share options	**0 3**	-
For diluted EPS calculation	**69 6**	69 3

EPS attributable to equity holders of the parent	2013 p	2012 p
Basic	**1 2**	2 3
Diluted	**1 1**	2 3

12 Goodwill

Cost	2013 £m	2012 £m
At 1st January	**65 3**	66 7
Exchange adjustment	**0 1**	(1 4)
At 31st December	**65 4**	65 3

Impairment testing
The recoverable amount of goodwill allocated to the cash-generating units (CGUs) has been determined based on a value in use calculation

Cash generating units
AGA Rayburn Fired Earth Grange Redfyre and Waterford Stanley form the AGA CGU with AGA Marvel Divertimenti Heartland La Cornue and Rangemaster forming the Rangemaster CGU Given the shared resource and integration within these two CGUs they are deemed to be the smallest identifiable group of assets that generate cash inflows that are largely independent of each other Goodwill at 31st December 2013 is allocated over the two CGUs as follows AGA £37 9m (2012 £37 9m) and Rangemaster £27 5m (2012 £27 4m)

Key assumptions used in the value in use calculation
Cash flows – for goodwill impairment testing, future cash flows are based on the board approved budgeted cash flows for both of the relevant CGUs for 2014 The operating cash flows reflect management s current expectations of future performance incorporating judgements around the current economic climate and reflecting cost savings made as a result of the non-recurring costs incurred Management s expectations are also formed in line with performance to date and experience as well as available external market data

Growth rates - a 2% (2012 2%) growth rate in cash flows is assumed for the four years following the budget year A terminal value is then calculated using this rate The growth rate is based on the current GDP forecasts for the medium-term

Discount rate - the future cash flows are discounted at the pre tax cost of capital applicable to that particular CGU The pre tax discount rate for both CGUs is 9 1% (2012 9 3%) The discount rate has been risk adjusted by utilising an equity risk premium and a company specific beta Discount rates represent the current market assessment of the risks specific to each CGU taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated into the cash flow estimates The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC)

Sensitivities – a reasonable change in key assumptions on which management has based its determination of the recoverable amount, does not cause the carrying amount to exceed its recoverable amount

NOTES TO THE ACCOUNTS CONTINUED

13 Intangible assets

	Computer software £m	Brands £m	Development costs £m	Other £m	Total £m
Cost					
At 1st January 2013	5 8	13 0	19 1	0 5	**38 4**
Exchange adjustment	-	0 3	-	-	**0 3**
Additions - internally generated	0 1	-	2 6	-	**2 7**
Additions - externally acquired	0 1	-	0 2	-	**0 3**
Disposals	-	-	(0 5)	-	**(0 5)**
At 31st December 2013	6 0	13 3	21 4	0 5	**41 2**
Amortisation					
At 1st January 2013	4 3	-	9 6	-	**13 9**
Charge for the year	0 3	-	2 0	-	**2 3**
Disposals	-	-	(0 5)	-	**(0 5)**
At 31st December 2013	4 6	-	11 1	-	**15 7**
Net book value at 31st December 2013	**1 4**	**13 3**	**10 3**	**0 5**	**25 5**

	Computer software £m	Brands £m	Development costs £m	Other £m	Total £m
Cost					
At 1st January 2012	5 6	13 2	16 7	0 5	36 0
Exchange adjustment	(0 1)	(0 2)	(0 2)	-	(0 5)
Additions - internally generated	0 1	-	2 4	-	2 5
Additions - externally acquired	-	-	0 2	-	0 2
Reclassification	0 4	-	-	-	0 4
Disposals	(0 2)	-	-	-	(0 2)
At 31st December 2012	5 8	13 0	19 1	0 5	38 4
Amortisation					
At 1st January 2012	4 1	-	8 0	-	12 1
Reclassification	-	-	(0 1)	-	(0 1)
Disposals	(0 2)	-	-	-	(0 2)
Charge for the year	0 4	-	1 7	-	2 1
At 31st December 2012	4 3	-	9 6	-	13 9
Net book value at 31st December 2012	1 5	13 0	9 5	0 5	24 5

Computer software and development costs
Computer software and development costs are amortised and the amortisation is charged directly to the consolidated income statement where the project has commenced otherwise costs will be subject to a mandatory impairment test Development costs are tested for impairment annually using future cash flows for each project and an appropriate discount rate

Brands and brands impairment testing
Brands are considered to have an indefinite life and are subject to annual impairment testing It is expected that the brands will be held and supported for an indefinite period of time and are expected to generate economic benefits The Group is committed to supporting its brands and invests in consumer marketing promotional spend

To test the impairment of brands the Royalty Relief Methodology is used to forecast future cash flows Cash flows are estimated using an imputed royalty rate applied to board approved budgeted revenues for 2014

Growth rate - a revenue growth rate of 2 0% (2012 2 0%) is assumed for the four years following the budget year A terminal value is then calculated This growth rate is based on the current GDP forecasts for the medium-term

Discount rates - future cash flows are discounted at the pre tax discount rate applicable to that particular brand The appropriate discount rate for each brand has been adjusted to reflect an independent capital structure The Group has risk adjusted the discount rates by utilising a company specific beta and equity risk premium For 2013 testing a pre tax rate of 8 8% was used for the Grange brand and a pre tax rate of 9 1% for the Group's other significant brands (2012 8 8% and 9 3% respectively)

Royalty rates - imputed royalty rates used are in the range 2 5% to 4 0% Management considers the appropriateness of the royalty rates used on an annual basis

Sensitivities – for most of the brands a reasonable change in key assumptions, on which management has based its determination of the recoverable amount does not cause the carrying amount to exceed their recoverable amounts In the case of £1 1m of the brands and other intangibles a 1% increase in the discount rate may lead to an impairment of less than £0 1m if the other variables remained unchanged

Other
Items included in the other category include patents and trademarks acquired Other intangibles are considered to have an indefinite life and are subject to impairment testing No indicators of impairment have been identified

14 Property, plant and equipment

	Freehold and long leasehold land and buildings £m	Plant machinery and equipment £m	Assets in course of construction £m	Total £m
Cost				
At 1st January 2013	22 5	91 7	0 4	**114 6**
Exchange adjustment	-	0 2	-	**0.2**
Capital expenditure	-	4 4	0 8	**5.2**
Disposals	(2 4)	(1 2)	-	**(3 6)**
Reclassification	-	0 4	(0 4)	**-**
At 31st December 2013	20 1	95 5	0 8	**116.4**
Depreciation				
At 1st January 2013	8 9	67 4	-	**76.3**
Exchange adjustment	-	0 2	-	**0.2**
Charge for the year	0 4	4 3	-	**4 7**
Disposals	(2 3)	(1 1)	-	**(3.4)**
At 31st December 2013	7 0	70 8	-	**77 8**
Net book value at 31st December 2013	**13 1**	**24 7**	**0 8**	**38 6**

The cost of property plant and equipment includes £0 2m (2012 £0 2m) of assets held under finance leases The net book value of these assets was nil (2012 £0 1m) All leases are reviewed and are capitalised where appropriate

Assets held for sale
The total assets held for sale amounted to £2 2m (2012 £2 2m) The two properties continue to be actively marketed The directors are committed to achieving their sale and believe this can be achieved at their fair value in 2014

	Freehold and long leasehold land and buildings £m	Plant machinery and equipment £m	Assets in course of construction £m	Total £m
Cost				
At 1st January 2012	21 5	92 3	0 4	114 2
Exchange adjustment	(0 5)	(0 6)	-	(1 1)
Capital expenditure	-	2 8	0 9	3 7
Disposals	-	(1 8)	-	(1 8)
Reclassification	1 5	(1 0)	(0 9)	(0 4)
At 31st December 2012	22 5	91 7	0 4	114 6
Depreciation				
At 1st January 2012	7 4	66 0	-	73 4
Exchange adjustment	(0 2)	(0 4)	-	(0 6)
Charge for the year	0 5	4 6	-	5 1
Disposals	(0 1)	(1 5)	-	(1 6)
Reclassification	1 3	(1 3)	-	-
At 31st December 2012	8 9	67 4	-	76 3
Net book value at 31st December 2012	13 6	24 3	0 4	38 3

15 Inventories

	2013 £m	2012 £m
Raw materials and consumables	**10 7**	10 2
Work in progress	**4 6**	4 9
Finished goods	**29 8**	30 8
Total inventories at the lower of cost and net realisable value	**45 1**	45 9

The Group expensed £102 6m of inventories during the year (2012 restated £99 1m) The Group credited £0 2m to inventory provisions in the year (2012 £0 4m) The Group did not hold any inventories pledged as security for liabilities (2012 £nil)

16 Trade and other receivables

Amounts falling due within one year	2013 £m	2012 £m
Trade receivables	**26 8**	23 3
Less provision for impairment of receivables	**(1 4)**	(0 9)
Net trade receivables	**25 4**	22 4
Other receivables	**3 4**	2 7
Prepayments and accrued income	**6 4**	5 8
Total receivables falling due within one year	**35 2**	30 9
Amounts falling due after one year		
Other receivables	**0 2**	0 6
Total receivables	**35 4**	31 5

The Group provides for trade receivables on estimated irrecoverable amounts from the sale of goods based on the age of debt past default experience and any other information which comes to light which suggests that the recoverable amount may be impaired There is a Group-wide credit insurance policy in the UK This covers 90% of individual debts in these units up to specific insured limits

The Group uses external agencies to credit score new customers where appropriate to assess their credit quality and define an initial credit limit Limits and credit scoring are reviewed as necessary Aged debt reports are reviewed by local management on a regular basis with debt at risk forms being formally submitted to Group on a monthly basis £1 0m (2012 £1 2m) of trade receivables are factored The Group retains the risks and rewards of these amounts therefore these are not derecognised

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date the Group first traded with that company Credit risk is mitigated by the relatively large customer base

Included in trade receivables are balances of £3 3m (2012 £3 9m) which are past due at the reporting date for which the Group has not provided for as there has not been a significant change in the credit quality and the amounts are still considered recoverable

Ageing of past due but not impaired receivables	2013 £m	2012 £m
30-60 days	**1 6**	1 9
60-90 days	**0 6**	1 1
90-120 days	**0 3**	0 3
120+ days	**0 8**	0 6
Total receivables past due but not impaired	**3 3**	3 9

Movement in the provision for impairment of receivables	2013 £m	2012 £m
At 1st January	**0 9**	0 4
Impairment losses recognised	**0 6**	0 5
Amounts previously impaired recovered	**(0 1)**	-
At 31st December	**1 4**	0 9

17 Trade and other payables

Current trade and other payables	2013 £m	2012 £m
Trade payables	**41 7**	36 0
Payments on account	**0 3**	0 6
Social security	**3 5**	4 1
Accruals and deferred income	**10 5**	11 8
Other payables	**7 9**	8 5
Total current trade and other payables	**63 9**	61 0

18 Cash and borrowings

a) Cash and cash equivalents

	2013 £m	2012 £m
Cash at bank and in hand	**-**	-
Short-term bank deposits	**21 2**	21 0
Cash and cash equivalents	**21 2**	21 0

The short-term bank deposits have a weighted average maturity of under one month (2012 under one month) with an effective interest rate of 0 3% (2012 0 4%) The fair value of cash and short-term deposits is £21 4m (2012 £21 0m)

b) Financial liabilities - borrowings

Borrowings	2013 £m	2012 £m
Current obligations under finance leases	**-**	0 1
Current borrowings	**1 0**	1 2
Non-current borrowings	**14 3**	14 2
Total borrowings	**15 3**	15 5

The Group s borrowings are primarily loan advances denominated in a number of currencies and interest is based on LIBOR or foreign equivalents Borrowings have been classified as current and non-current liabilities with reference to the final maturity date of the facility agreements

Bank borrowings comprise the following	Interest rate basis	2013 £m	2012 £m
Bank factoring of trade receivables - current (note 16)	Floating	**1 0**	1 2
Unsecured bank loans - non-current	Floating	**14 0**	13 9
Other secured loans 2018	Floating	**0 3**	0 3
Total bank borrowings		**15 3**	15 4

The £14 0m of non-current unsecured bank loans are currency denominated loan advances from committed revolving credit facilities which bear interest rates based on LIBOR and margins with a weighted average of circa 175 basis points

19 Financial instruments

Capital management

The Group's capital comprises the equity attributable to the equity holders of the parent The Group s policy is to maintain a strong capital base so as to maintain investor creditor and market confidence and to sustain the future development of the business The Group monitors the nature and spread of its shareholders Employees are encouraged to hold shares in the Company The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders return capital to shareholders or issue new shares The Group also has bank facilities in place to fund the business These are discussed in more detail under liquidity risk

The central treasury function sets out the treasury policy including guidelines for managing interest rate and cash flow risk, credit and price risk foreign currency risk and liquidity risk as discussed below The objective of the treasury policy is to manage the Group s financial risk and to ensure that adequate financial resources are available for the development of the Group

Interest rate and cash flow risk

The Group is exposed to a number of global interest rates - notably the UK Euro and US rates Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates The Group analyses its interest rate exposure on a regular basis Based on various scenarios the Group calculates the impact on profit and loss for a defined interest rate shift

19 Financial instruments continued

The following table demonstrates the sensitivity to a change in interest rates, with all other variables held constant on the Group s profit before tax and equity There were no interest rate swap agreements in place throughout 2013 (2012 nil)

		Increase/ (decrease) in basis points	Effect on profit before tax/equity £m
2013	**Cash**	**+50/(50)**	**0 1/(0 1)**
	Borrowings	**+50/(50)**	**(0 1)/0 1**
2012	Cash	+50/(50)	0 1/(0 1)
	Borrowings	+50/(50)	(0 1)/0 1

Credit and price risk

The Group monitors closely the availability of trade finance to its customers and suppliers The ability for the Group and its principal operations to maintain trade credit insurance on our customers is monitored on an ongoing basis Where insurers inform us it is their intention to withdraw or reduce trade credit insurance cover on our customers we undertake detailed analysis on commercial and financial information available and actively manage the terms of trade with any such customers as appropriate In addition, the ability of our suppliers to maintain credit insurance on the Group and its principal operations is an important issue We have excellent relationships with our suppliers and we continue to work closely with them on a normal commercial basis There are no significant concentrations of credit risk within the Group The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date The Group s policy on minimising credit risk with respect to its trade and other receivables is stated in note 16

The Group is exposed to risk in the price movement of key raw materials and energy The Group manages these risks and has a combination of a three year fixed price gas contract and a two year fixed price electricity contract together with a one year partially fixed steel supply contract for its main activities The Group continually reviews its exposure to any remaining commodity risk to ensure that commercial opportunities are fully maximised and risks mitigated wherever possible

Foreign currency risk

The Group s main transaction exposures are in respect of products manufactured in one currency region and sold in another currency and exposure through the movement in exchange rates on purchases of raw materials and other goods that are not denominated in sterling These are mainly imports from Asia and the United States of America (USA) which are denominated in US Dollars and imports of component parts from Europe which are denominated in Euros These currency outflows are offset by inflows of US Dollars relating to UK exports to US markets and inflows of Euros in respect of UK exports to the eurozone respectively The main translation risk is that the results of non-UK businesses will translate into differing sterling values depending on the exchange rates used

a) Forward foreign exchange contracts

As a result of the Group s geographical presence and operations forward foreign exchange contracts are put in place

As at 31st December 2013 the notional amounts of outstanding forward foreign exchange contracts that the Group was committed to were £0 2m (2012 £0 2m) and CHF 0 3m (2012 CHF 0 3m) The fair value of these open forward foreign exchange contracts is not material The contracts have been put in place to mitigate the foreign currency risk of anticipated future sales and purchase commitments and mature over the next twelve months

There were no forward foreign exchange contracts designated as cash flow hedges at the balance sheet date (2012 nil)

b) Hedge of net investment in foreign entities

The Group has Euro and US Dollar denominated borrowings which it has designated as a hedge of a proportion of its investment in its subsidiaries in Europe and the US The carrying value gross of borrowing costs of such Euro borrowings at 31st December 2013 was £6 3m (2012 £6 1m) and the carrying value of the US Dollar borrowings was £8 2m (2012 £8 4m) The exchange differences on the translation of these borrowings into sterling have been recognised in translation reserves, in 2013 these amounted to nil (2012 £0 6m gain)

Liquidity risk

The Group s funding objective is to have sufficient long-term committed facilities in addition to uncommitted facilities and finance lease agreements, to meet its funding needs The Group has sound and long established arrangements in place with its relationship banks who offer committed and uncommitted facilities which together with cash flow monitoring and cash surpluses provide adequate funding for the Group s operations Committed facilities totalling £60 0m were put in place towards the end of 2012 with a maturity date of 31st December 2015 The Group maintains relationships with several large financial institutions The Group s committed loan facilities have three principal financial covenants interest cover net debt/ earnings before interest tax depreciation and amortisation and a minimum level of earnings before interest tax depreciation and amortisation excluding pension costs The Group complied with all covenants at the year end

The Group maintains a mixture of short-term uncommitted and medium-term committed facilities to ensure a sufficient level of funds and guarantee facilities are available for its business operations The £60 0m committed facilities have been arranged to help finance the Group s activities These facilities incur commitment fees at market rates

The following table analyses utilisation of the Group's principal committed facilities at the year end

	2013 £m	2012 £m
Expiring within 1 year	-	-
Expiring between 1 and 2 years	16 0	-
Expiring between 2 and 5 years	-	16 0
Total undrawn committed facilities	**16 0**	16 0
Non-current borrowings used to hedge investments in foreign operations	14 0	14 0
Guarantees provided (note 27)	30 0	30 0
Total committed facilities	**60 0**	60 0

In addition to the committed facilities detailed above the Group also has uncommitted facilities totalling £17 1m (2012 20 5m) having reduced the available facilities during the year to match the current ongoing requirements

Maturity profile of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities at 31st December 2013 and 2012 based on contractual undiscounted payments Floating rate borrowings are re-priced within six months from the balance sheet date

2013	Interest rate basis	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	5 years and over £m	Total £m
Borrowings	Floating	1 4	14 2	0 1	0 1	-	-	**15 8**
Trade payables		41 7	-	-	-	-	-	**41 7**
Other payables		7 9	-	-	-	-	-	**7 9**
Total		**51 0**	**14 2**	**0 1**	**0 1**	-	-	**65 4**

2012	Interest rate basis	Within 1 year £m	1-2 years £m	2 3 years £m	3 4 years £m	4-5 years £m	5 years and over £m	Total £m
Borrowings	Floating	1 6	0 4	0 4	14 3	-	-	16 7
Trade payables		36 0	-	-	-	-	-	36 0
Other payables		8 5	-	-	-	-	-	8 5
Total		46 1	0 4	0 4	14 3	-	-	61 2

Carrying value

The carrying value of the Group s financial assets, including trade and other receivables and cash, and financial liabilities including trade and other payables and borrowings as disclosed in the consolidated balance sheet are equivalent to their fair value at the balance sheet date

20 Provisions

	Product warranties £m	Reorganisation £m	Discontinued & other £m	Total £m
At 1st January 2013	2 6	-	2 4	**5.0**
Charged in the year	1 3	0 1	-	**1.4**
Utilised in year	(1 1)	-	(1 0)	**(2 1)**
At 31st December 2013	**2 8**	**0 1**	**1 4**	**4 3**

Provisions have been split between current and non-current as follows

	2013 £m	2012 £m
Current	**2 8**	3 9
Non-current	**1 5**	1 1
At 31st December	**4 3**	5 0

Product warranties

Provision is made for the estimated liability on all products still under warranty Product warranties of between one and three years are given for the Group s main products

NOTES TO THE ACCOUNTS CONTINUED

20 Provisions continued

Reorganisation
The reorganisation provision includes provision for the remaining costs associated with previously announced reorganisations within the Group

Discontinued and other
These provisions mainly relate to the remaining costs in respect of the disposal of Pipe Systems in 2001 and Foodservice in 2007 including possible warranty and indemnity claims other claims and other costs from third parties in relation to these divested businesses Although the majority of these provisions may be realised in the next accounting period, the exact timing is unclear The provision held reflects the remaining settlements and claims in relation to divested businesses

21. Deferred tax

Deferred tax is calculated on temporary differences under the balance sheet liability method using the substantively enacted rates The movement on the deferred tax account is shown below

Net deferred tax	2013 £m	2012 £m
At 1st January as reported	**6 9**	(0 9)
Prior year adjustment (note 6)	**6 4**	6 7
At 1st January as restated	**13 3**	5 8
Exchange adjustment	**(0 1)**	(0 1)
Taken to other comprehensive income (note 8)	**(3 2)**	5 5
Credited to consolidated income statement (note 8)	**0 6**	2 1
At 31st December	**10 6**	13 3

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered The movement in deferred tax assets and liabilities during the year prior to offsetting the balances to arrive at the net deferred tax asset of £10 6m is shown below

Deferred tax assets	Intangibles £m	Accelerated tax depreciation £m	Pensions £m	Tax losses £m	Other £m	Total £m
At 1st January 2013 as reported	(0 7)	(1 0)	5 2	3 4	1 2	**8 1**
Prior year adjustment (note 6)	-	-	6 4	-	-	**6 4**
At 1st January 2013 as restated	(0 7)	(1 0)	11 6	3 4	1 2	**14 5**
Exchange adjustment	-	-	-	(0 1)	-	**(0 1)**
Taken to other comprehensive income (note 8)	-	-	(2 9)	(0 3)	-	**(3 2)**
(Charged)/credited to consolidated income statement	(0 4)	1 0	0 1	(0 6)	0 1	**0 2**
At 31st December 2013	**(1 1)**	**-**	**8 8**	**2 4**	**1 3**	**11 4**

Deferred tax liabilities	Intangibles £m	Other £m	Total £m
At 1st January 2013	1 3	(0 1)	**1 2**
Credited to consolidated income statement	-	(0 4)	**(0 4)**
At 31st December 2013	**1 3**	**(0 5)**	**0 8**

The Group has unprovided deferred tax assets of £11 0m (2012 £5 3m) relating to losses and other temporary differences A deferred tax asset has not been recognised where the future recovery of the assets is uncertain

22 Share capital and share based payments

Allotted, called up and fully paid	2013 m	2013 £m	2012 m	2012 £m
Ordinary shares of 46⅞p each as at 31st December	**69 3**	**32 5**	69 3	32 5

During the year no ordinary shares were issued in connection with the Company s share option schemes (2012 nil)

23 Share options

The Group has the following share option schemes in place

The Senior Executive Share Option Scheme

The Senior Executive Share Option Scheme was approved in 1994 Under the scheme the remuneration committee was able to grant options over shares in the Company to senior executives of the Group The scheme lapsed in May 2004 Options were granted with a fixed exercise price equal to the market price of the shares under the option at the date of grant The contractual life of an option was ten years Options granted under the scheme became exercisable on the third anniversary of the date of grant, subject to the Group s earnings per share exceeding by at least 3% per annum the increase in the UK's Retail Price Index ('RPI) over a period of three years beginning not earlier than the Company s last financial year before the date of an option grant The exercise of an option is subject to continued employment or other circumstances in the scheme rules Options granted since November 2002 are valued using the Black-Scholes option model During the year the 105 500 Senior Executive Share Options granted in October 2003 lapsed No options under this scheme remain outstanding

The Company Share Option Plan ('CSOP')

The CSOP was introduced during 2010 The vesting of the 2011 CSOP is subject to the achievement of an EPS performance condition Performance is measured at the end of three consecutive financial years after the option is granted 100% of an award vests if an EPS target of 20p is achieved and none of the award vests if the EPS is below 13p There is a stepped vesting for an EPS between 13p and 20p The remuneration committee reserves the right to exclude items of a non-recurring nature from the EPS calculation The performance conditions were amended in previous years so the CSOP options granted in April 2012 will only become exercisable on the achievement of EPS growth above RPI and Total Shareholder Return ('TSR) targets Half of the options granted are linked to TSR performance compared to the performance of the FTSE Small Cap Index ('comparator group) The options subject to the TSR condition shall only vest if the Company's TSR shall place it at least at the median of the constituents of the comparator group ranked in descending order by TSR for the performance period Half of the options granted are linked to EPS performance The options subject to the EPS condition shall only vest if the Company s EPS growth above RPI is at least 3% compound per annum The performance condition is tested at the end of the performance period on the scale set out below

Company's TSR ranking versus the FTSE Small Cap Index	% of total option exercisable
Below median	0%
Median	25%
Upper quartile	100%

EPS growth above RPI	% of total option exercisable
Less than 3% compound p a	0%
3% compound p a	25%
10% compound p a or more	100%

Straight line vesting will occur if the Company s TSR is between the median and upper quartile and the EPS between 3% and 10% compound per annum The performance period is three years from 31st December 2011 to 31st December 2014 Subject to the performance condition being achieved in whole or in part the option holder will only be able to exercise the option from 16th April 2015 to 15th April 2022 The binomial model was used for the valuations

The Sharesave Plan

The Sharesave Plan was introduced in 2008 to encourage eligible UK employees to have an involvement in the Group's performance Savings contracts are of three or five year terms The vesting period is 38 months or 62 months and options may be exercised up to six months after the vesting date

Fired Earth Incentive Scheme

The management of Fired Earth have an option to acquire up to 25 5% of the equity of Fired Earth Limited The transaction has been treated as an employee share option and the charge for the year was not material

23 Share options continued

Share options outstanding
Options outstanding at 31st December 2013 under the Group schemes were as follows

Sharesave Plan				CSOP			
Grant date	Number of shares	Exercisable in 6 months to	Exercise price p per share	Grant date	Number of shares	Exercisable in 7 years to	Exercise price p per share
				April 2011	158 535	April 2021	123
September 2008	205,460	May 2014	209	April 2012	698 456	April 2022	Nil
Total	**205,460**			**Total**	**856,991**		

The total charge for the year relating to employee share based payment plans was £0 1m (2012 £0 2m) before tax and £0 1m (2012 £0 2m) post tax

The fair value per option of the CSOP granted in 2012 and the assumptions used in the calculation were as follows

	2012
Grant date	16th April
Closing share price at valuation date	85p
Exercise price	Nil
Number of employees	4
Shares under option	826 077
Vesting period (years)	3
Expected volatility	53 0%
Option life (years)	10
Expected life (years)	3
Risk-free rate	0 476%
Expected dividend yield	2 0%
Fair value per option (EPS/TSR)	80p/55p

There are no options exercisable under the CSOP as at 31st December 2013 The weighted average remaining contractual life is nine years

A reconciliation of the movements in the Senior Executive Share Option Scheme is shown below

	2013		2012	
	Number '000	Weighted average exercise price p	Number 000	Weighted average exercise price p
Outstanding at 1st January	**106**	**235**	160	243
Lapsed - expired	**(106)**	**235**	(53)	260
Lapsed - forfeited	**-**	**-**	(1)	235
Outstanding at 31st December	**-**	**-**	106	235
Exercisable at 31st December	**-**	**-**	106	235

At 31st December 2012 under the Senior Executive Share Option Scheme the 105 500 share options outstanding had an expected remaining life of 0 4 years and a contractual remaining life of 0 8 years

A reconciliation of the movements in the CSOP and Sharesave Plan are shown below

	CSOP		Sharesave Plan	
	2013 Number of shares '000	2012 Number of shares 000	2013 Number of shares '000	2012 Number of shares 000
Outstanding at 1st January	**1,017**	199	**207**	311
Granted	**-**	826	**-**	-
Lapsed - expired	**(1)**	-	**-**	(96)
Lapsed - forfeited	**(159)**	(8)	**(2)**	(8)
Outstanding at 31st December	**857**	1 017	**205**	207
Exercisable at 31st December	**-**	-	**205**	-

Under the CSOP and Sharesave Plan the share options outstanding as at 31st December are as follows

CSOP

2013			2012		
Exercise price p	**Number of shares '000**	**Contractual remaining life years**	Exercise price p	Number of shares 000	Contractual remaining life years
123	**159**	**7 3**	123	191	8 3
Nil	**698**	**8 3**	Nil	826	9 3

Sharesave Plan

2013			2012		
Exercise price p	**Number of shares '000**	**Contractual remaining life years**	Exercise price p	Number of shares 000	Contractual remaining life years
209	**205**	**0 4**	209	207	1 4

Further details relating to the directors Sharesave Plan and CSOP interests are shown in the audited section of the remuneration report on page 49

24 Other reserves

	Fair value revaluation reserve £m	**Translation reserve £m**	**Capital redemption reserve £m**	**Total £m**
At 1st January 2013	1 5	5 3	75 0	**81 8**
Exchange adjustments on hedge of net investments	–	–	–	**–**
Exchange differences on translation of foreign operations	–	0 4	–	**0 4**
At 31st December 2013	**1 5**	**5 7**	**75 0**	**82 2**

	Fair value revaluation reserve £m	Translation reserve £m	Capital redemption reserve £m	Total £m
At 1st January 2012	1 5	7 5	75 0	84 0
Exchange adjustments on hedge of net investments	–	0 6	–	0 6
Exchange differences on translation of foreign operations	–	(2 8)	–	(2 8)
At 31st December 2012	1 5	5 3	75 0	81 8

The fair value revaluation reserve relates to the 2005 acquisition of an additional stake in Grange by AGA Home SAS, which gave the Group a controlling interest The translation reserve includes all exchange adjustments in respect of overseas operations The capital redemption reserve has arisen through share buy-backs and share consolidations in previous years

25 Commitments

	2013 £m	2012 £m
Capital commitments contracted for by the Group for property plant and equipment but not provided for in the accounts	**1 7**	0 3

26 Operating lease commitments

	Land and buildings		**Other operating leases**	
Future minimum lease payments under non-cancellable leases	**2013 £m**	2012 £m	**2013 £m**	2012 £m
– within 1 year	**6 1**	6 7	**1 5**	1 1
– between 1 and 5 years	**16 8**	18 6	**3 0**	1 5
– after more than 5 years	**10 8**	13 1	**0 1**	0 2
Total operating lease commitments	**33 7**	38 4	**4 6**	2 8

The operating lease commitments relate to properties motor vehicles and plant and machinery The leases have various terms escalation clauses and renewal rights

27 Contingent liabilities

The Group has contingent liabilities for certain potential claims from third parties in relation to divested businesses On the basis of information presently available to them the directors believe that no material claims are likely to arise for which provision has not been made in these accounts

The Group has arranged £30 0m (2012 £30 0m) of bank guarantees to guarantee obligations of the Group to the AGA Rangemaster Group Pension Scheme which may arise in the period up to 31st December 2020

The Group has no other material contingent liabilities arising in the normal course of business at 31st December 2013 (2012 £nil)

28. Related party transactions

The Group recharges the Group pension scheme with part of the cost of administration The total amount recharged in the year to 31st December 2013 was £0 1m (2012 £0 1m) and this was included in the amount outstanding at the year end of £0 1m (2012 £nil)

Key management's compensation
The compensation of the key management team including executive and non-executive directors at the balance sheet date is set out below

	2013 £m	2012 £m
Salaries and short-term benefits	**1 6**	1 7
Post employment benefits	**0 1**	0 1
Share based payments	**0 1**	0 1
Total emoluments to key management	**1 8**	1 9

29 Trading subsidiaries

The following is a list of the Group's principal trading subsidiaries at 31st December 2013 A description of their activities is given in the strategic report The share capital in each case consists unless otherwise stated wholly of ordinary shares preference shares or common stock All companies are held by subsidiary undertakings except for those marked • in which case it is held directly by AGA Rangemaster Group plc

Where subsidiaries are not wholly owned the percentage of owned capital is stated Unless otherwise stated the companies are registered in England and operate in the United Kingdom All subsidiaries included in the consolidation have coterminous year-ends

AGA Rangemaster Limited trades in the UK principally under the trade and business names of.	***Website addresses***
AGA	www agaliving com
AGA Cookshop	www agacookshop co uk
Divertimenti	www divertimenti co uk
Falcon	www falconappliances com
Leisure Sinks	www leisuresinks co uk
Mercury	www mercuryappliances co uk
Rangemaster	www rangemaster co uk
Rayburn	www rayburn-web co uk
Redfyre	www redfyrecookers co uk
Principal overseas trade and business names·	
AGA Marvel (USA)	www aga-marvel com
	www aga-ranges com
AGA Rangemaster France (branch)	www falconfrance com
Grange SAS (France) 98 5%	www grange fr
Heartland Appliances Inc (Canada)	www heartlandapp com
La Cornue SAS (France)	www lacornue com
Northland Corporation (USA)	www northlandnka com
Waterford Stanley Limited (Ireland)	www waterfordstanley com
Other UK·	
ARG Corporate Services Limited •	
AGA Rangemaster Properties Limited •	
Fired Earth Limited 80 1% •	www firedearth com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AGA RANGEMASTER GROUP PLC

We have audited the Group financial statements of AGA Rangemaster Group plc for the year ended 31st December 2013 which comprise the consolidated income statement the consolidated statement of comprehensive income the consolidated balance sheet the consolidated cash flow statement the consolidated statement of changes in equity and the related notes 1 to 29 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 set out on page 30, the directors are responsible for the preparation of the Group 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 Group 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 Group 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 Group financial statements

- give a true and fair view of the state of the Group s affairs as at 31st December 2013 and of its profit for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

Our assessment of risks of material misstatement
We identified the following risks of material misstatement which had the greatest effect on the overall audit strategy the allocation of resources in the audit, and directing the efforts of the engagement team

- the accounting for the defined benefit pension scheme and
- revenue recognition – in particular the timing of revenue recognition and the treatment of rebates

Our application of materiality
Materiality is a key part of planning and executing our audit strategy For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of an omission or misstatement that individually or in the aggregate in light of the surrounding circumstances could reasonably be expected to influence the economic decisions of the users of the financial statements As we develop our audit strategy we determine materiality at the overall financial statement level and at the individual account level Performance materiality is the application of materiality at the individual account level

Planning the audit solely to detect individually material misstatements overlooks the fact that the aggregate of individually immaterial misstatements may cause the financial statements to be materially misstated and leaves no margin for possible undetected misstatements Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole We determined materiality for the Group to be £1 000,000 which is approximately 0 4% of revenue This provided the basis for determining the nature timing and extent of our audit procedures and identifying and assessing the risk of material misstatement

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i e our tolerance for misstatement in an individual account or balance) for the Group should be 75% (2012 75%) of planning materiality namely £750 000 (2012 £918 000) Our objective in adopting this approach was to ensure that the total detected and undetected audit differences did not exceed our planning materiality of £1 000 000 for the financial statements as a whole

We agreed with the audit and risk committee that we would report to the committee all audit differences in excess of £50 000, as well as differences below that threshold that in our view warranted reporting on qualitative grounds

An overview of the scope of our audit
In assessing the risk of material misstatement to the consolidated financial statements our Group audit scope focused on eight operating divisions of which one was subject to a full scope audit for the year ended 31st December 2013 Three operating divisions were subject to a specific scope audit where the extent of the audit work was based on our assessment of the risk of material misstatement and the materiality of the Group s business operations at those locations The audit of these four locations was performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relevant scale of the individual business unit

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF AGA RANGEMASTER GROUP PLC

Together with the Group Functions which were also subject to a full scope audit these locations represent the principal business units of the Group and account for 78% of the Group s total assets 78% of the Group s revenue and 89% of the Group s operating profit For the remaining components we performed other procedures to confirm there were no significant risks of material misstatement in the Group financial statements

The senior statutory auditor has visited the full scope location and two of the specific scope locations during the year For all locations in scope in addition to the locations visited the Group audit team remained in continuous contact with component teams and reviewed the work on key audit areas

Our response to the risks of material misstatement identified above included the following procedures

Revenue recognition

- we inspected the stated trading terms and conditions for each of the in scope business units and the Group s revenue recognition policy and tested a sample of transactions to gain assurance that revenue was recognised in accordance with IFRS
- we tested a sample of rebate agreements to ensure these discounts were recorded in accordance with IFRS in the appropriate period
- we carried out testing relating to controls over revenue recognition including the timing of revenue recognition
- we performed analytical procedures, cut-off testing on customer delivery notes around the period end and journal testing around revenue and
- we ensured that the financial statement disclosures were in accordance with accounting standards

The accounting for the defined benefit pension scheme

- we challenged the assumptions used by management in the pension liability valuations and we used a pensions specialist to assist us with this procedure
- we tested a sample of the pension asset valuations to ensure they had been reasonably calculated and
- we ensured that the financial statement disclosures were in accordance with accounting standards

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 Group financial statements are prepared is consistent with the Group financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the ISAs (UK and Ireland) we are required to report to you if, in our opinion information in the annual report is

- materially inconsistent with the information in the audited financial statements or
- apparently materially incorrect based on or materially inconsistent with our knowledge of the Group acquired in the course of performing our audit or
- is otherwise misleading

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors statement that they consider the annual report is fair balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit and risk committee which we consider should have been disclosed

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

- 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

Under the Listing Rules we are required to review

- the directors statement set out on page 29 in relation to going concern and
- the part of the corporate governance statement relating to the company s compliance with the nine provisions of the UK Corporate Governance Code specified for our review

Other matter

We have reported separately on the parent Company financial statements of AGA Rangemaster Group plc for the year ended 31st December 2013 and on the information in the directors remuneration report that is described as having been audited

Ernst & Young LLP

Simon O'Neill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor
Birmingham
7th March 2014

FIVE YEAR FINANCIAL HISTORY

Trading results		2013 £m	2012 Restated (note 6) £m	2011 £m	2010 £m	2009 £m
Revenue		**250 4**	244 6	250 9	2591	245 0
Operating profit before non-recurring costs		**4 7**	3 6	9 2	21 5	3 9
Non-recurring costs		**(2 2)**	(1 7)	(2 1)	(1 4)	(3 6)
Total operating profit		**2 5**	1 9	7 1	20 1	0 3
Net finance (cost)/income		**(1 4)**	(0 2)	0 4	(0 2)	0 2
Profit before income tax		**1 1**	1 7	7 5	19 9	0 5
Tax (expense)/credit		**(0 4)**	(0 2)	5 4	(5 8)	-
Profit for the year - continuing operations		**0 7**	1 5	12 9	14 1	0 5
Post tax profit from discontinued operations		**-**	-	2 7	-	-
Profit for the year		**0 7**	1 5	15 6	14 1	0 5
Statistics						
Operating profit before non-recurring costs to revenue	%	**1 9**	1 5	3 7	8 3	1 6
Dividend per ordinary share	p	**-**	-	1 9	1 7	-
Earnings per share - continuing						
Basic	p	**1 2**	2 3	18 8	20 5	2 5
Diluted	p	**1 1**	2 3	18 8	20 5	2 5

Balance sheet summary	2013 £m	2012 Restated (note 6) £m	2011 Restated (note 6) £m	2010 £m	2009 £m
Net operating assets					
Property plant and equipment	**38 6**	38 3	40 8	40 8	50 8
Inventories	**45 1**	45 9	45 5	42 8	46 0
Operating receivables less payables and provisions	**(32 8)**	(34 5)	(45 6)	(47 2)	(42 2)
Total net operating assets before intangibles	**50 9**	49 7	40 7	36 4	54 6
Assets held for sale	**2 2**	2 2	2 6	10 2	3 1
Net retirement benefit (obligation)/surplus	**(35 8)**	(38 7)	(22 6)	7 1	(40 5)
Goodwill and intangible assets	**90 9**	89 8	90 6	89 6	90 1
Total net operating assets	**108 2**	103 0	111 3	143 3	107 3
Tax	**6 6**	11 4	3 9	(15 6)	(5 0)
Total net cash	**5 9**	5 5	31 3	34 6	28 0
Total net assets	**120 7**	119 9	146 5	162 3	130 3
Financed by					
Ordinary shares	**32 5**	32 5	32 5	32 5	32 5
Reserves	**88 2**	87 3	113 8	129 4	97 3
Equity attributable to equity holders of the parent	**120 7**	119 8	146 3	161 9	129 8
Non-controlling interests	**-**	0 1	0 2	0 4	0 5
Total equity	**120 7**	119 9	146 5	162 3	130 3

PARENT COMPANY ACCOUNTS UNDER UK GAAP
COMPANY BALANCE SHEET AS AT 31ST DECEMBER

The Company has elected to prepare its financial statements under UK GAAP

	Notes	2013 £m	2012 £m
Fixed assets			
Investments	5	**399 1**	489 5
Total fixed assets		**399 1**	489 5
Current assets			
Debtors - amounts falling due within one year	6	**657 5**	537 4
Cash at bank and in hand	7	**9 8**	5 0
Total current assets		**667 3**	542 4
Creditors - amounts falling due within one year			
Creditors	8	**(630 4)**	(716 6)
Provision for liabilities and charges	9	**(1 0)**	(1 8)
Total amounts falling due within one year		**(631 4)**	(718 4)
Net current assets/(liabilities)		**35 9**	(176 0)
Total assets less current assets/(liabilities)		**435 0**	313 5
Creditors - amounts falling due after more than one year			
Borrowings	7	**(14 0)**	(13 9)
Total net assets employed		**421 0**	299 6
Shareholders' equity			
Share capital	10	**32 5**	32 5
Share premium account	11	**29 6**	29 6
Capital redemption reserve	11	**75 0**	75 0
Profit and loss account	11	**283 9**	162 5
Total shareholders' funds		**421 0**	299 6

The accounts were approved by the board of directors on 7th March 2014 and were signed on its behalf by

W B McGrath
Chief Executive

S M Smith
Finance Director

Notes to the accounts are on pages 87 to 90

NOTES TO THE PARENT COMPANY ACCOUNTS

The directors' report is on pages 28 to 29 and the strategic report on pages 2 to 25 of the annual report and accounts

1 Accounting policies
Basis of accounting
The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Companies Act 2006

A consolidated Group cash flow statement has been included in the AGA Rangemaster Group plc consolidated accounts, the Company has therefore taken advantage of the exemption under FRS 1 not to produce a cash flow statement The Company has taken advantage of the exemption under FRS 29 from financial instrument disclosures

Cash
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less

Interest bearing loans and borrowings
Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest receivable and payable

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at the balance sheet date

Foreign currencies
The Company s functional currency and the presentation currency is pounds sterling Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account except when hedge accounting is applied These are taken directly to reserves until the hedged transaction affects profit or loss at which time they are recognised in the profit and loss account

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

Deferred tax
Deferred tax is provided in respect of all timing differences using the balance sheet liability method Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the timing differences can be utilised

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Tax is provided for using current rates

Investments
Investments in subsidiaries are held at cost and reviewed for impairment annually where there are indicators that suggest the amount might not be recoverable

Provisions
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation If the effect is material expected future cash flows are discounted using a current pre-tax rate that reflects where appropriate the risks specific to the liability Where the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when recovery is virtually certain

1 Accounting policies continued

Employee share options

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by external valuation using an appropriate pricing model In valuing equity-settled transactions no account is taken of any service or performance conditions (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions) Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions Market performance conditions and non-vesting conditions are taken into account in determining the grant date fair value

No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied provided that all other non-market vesting conditions are satisfied

Where an equity-settled award is cancelled it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the profit and loss account for the award is expensed immediately Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity with any excess over fair value being treated as an expense in the profit and loss account

The measurement of this expense is calculated only on options granted after 7th November 2002

The majority of share options are granted to directors of the Company When the Company awards share options to subsidiary companies an addition to their cost of investment is made in order to recognise the capital contribution

2 Company profit and loss account

AGA Rangemaster Group plc has taken advantage of section 408(4) of the Companies Act 2006 and has not included its own profit and loss account in these accounts The Company's profit after tax was £121 3m (2012 loss £11 2m)

Fees paid to Ernst & Young LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of AGA Rangemaster Group plc because Group financial statements are prepared which are required to disclose such fees on a group basis

3 Dividends

	2013 £m	2012 £m
Final dividend paid of nil for the year ended 31st December 2012 (2011 1 1 pence)	-	0 8
Interim dividend paid of nil for the year ended 31st December 2013 (2012 nil)	-	-
Total dividends paid in the year	-	0 8

The directors are not recommending a final dividend in respect of the financial year ended 31st December 2013 (2012 nil)

4. Directors' compensation

The compensation of the directors is disclosed in note 5 of the consolidated annual report and accounts

5 Investments

Interest in subsidiaries	**Cost of shares £m**	**Provisions £m**	**Net book value £m**
At 1st January 2013	524 1	(34 6)	**489 5**
Movement in year	(53 4)	(37 0)	**(90 4)**
At 31st December 2013	**470 7**	**(71 6)**	**399 1**

The movement in the cost of shares in the year related to a reduction for ARG Solutions Limited and ARG Investments Limited after a capital return and a capital contribution in exchange for an intercompany loan for AGA Home Inc

The movement in provisions in the year related to a reorganisation of the Group s subsidiaries

6 Trade and other debtors

Amounts falling due within one year	2013 £m	2012 £m
Amounts owed by Group undertakings	**656 4**	535 5
Deferred tax asset	**0 3**	0 3
Corporation tax recoverable	**0 5**	1 5
Prepayments and accrued income	**0 2**	-
Other receivables	**0 1**	0 1
Debtors falling due within one year	**657 5**	537 4

7 Cash and borrowings

a) Cash

	2013 £m	2012 £m
Short-term bank deposits	**9 8**	5 0
Cash	**9 8**	5 0

b) Financial liabilities - net borrowings

	2013 £m	2012 £m
Bank borrowings	**14 0**	13 9
Amounts falling due after one year	**14 0**	13 9
Total borrowings	**14 0**	13 9
Short-term bank deposits	**(9 8)**	(5 0)
Total net borrowings	**4 2**	8 9

The Company s borrowings are primarily loan advances denominated in a number of currencies and interest is based on LIBOR or foreign equivalents

The loans are unsecured The amounts falling due after one year are due for repayment in 2015

8 Creditors

Amounts falling due within one year	2013 £m	2012 £m
Amounts owed to Group undertakings	**627 8**	714 4
Defined benefit liability	**1 6**	0 9
Accruals and deferred income	**0 7**	0 9
Other payables	**0 3**	0 4
Total creditors falling due within one year	**630 4**	716 6

See note 6 of the consolidated annual report and accounts for pension's disclosures

9 Provisions

	Discontinued £m
At 1st January 2013	**1 8**
Utilised in the year	**(0 8)**
At 31st December 2013	**1 0**

These provisions mainly relate to the remaining costs in respect of the disposal of Pipe Systems in 2001 and Foodservice in 2007, including possible warranty and indemnity claims other claims and other costs from third parties in relation to these divested businesses Although the majority of these provisions may be realised in the next accounting period, the exact timing is unclear The provision held reflects the remaining settlements and claims in relation to divested businesses

NOTES TO THE PARENT COMPANY ACCOUNTS CONTINUED

10 Share capital

Allotted, called up and fully paid	2013 m	2013 £m	2012 m	2012 £m
Ordinary shares of 46⅞p each as at 31st December	**69 3**	**32 5**	69 3	32 5

During the year no ordinary shares were issued in connection with the Company s share option schemes (2012 nil)

All of the ordinary shares rank equally with respect to voting rights and rights to receive ordinary and special dividends There are no restrictions on the rights to transfer shares

Share based payments
Options outstanding at 31st December 2013 and share based payments disclosures are shown in note 23 of the consolidated annual report and accounts

11. Reserves

	Share capital £m	Share premium £m	Capital redemption reserve £m	Profit and loss account £m	Total equity £m
At 1st January 2013	32 5	29 6	75 0	162 5	**299 6**
Share based payments	-	-	-	0 1	**0 1**
Profit for the year	-	-	-	121 3	**121 3**
At 31st December 2013	**32 5**	**29 6**	**75 0**	**283 9**	**421 0**

12. Commitments

The Company had no capital commitments (2012 nil)

13 Contingent liabilities

The Company has contingent liabilities for certain potential claims from third parties in relation to divested businesses On the basis of information presently available to them the directors believe that no material claims are likely to arise for which provision has not been made in these accounts The Company has given a number of financial and performance guarantees on behalf of its subsidiaries and the relevant liabilities are included in the balance sheet

The Company has arranged £30 0m (2012 £30 0m) of bank guarantees, to guarantee obligations of the Company to the AGA Rangemaster Group Pension Scheme

The Company has no other material contingent liabilities arising in the normal course of business at 31st December 2013 (2012 nil)

14. Related party transactions

The Company has taken advantage of the exemption permitted by FRS 8 not to disclose any transactions or balances with entities that are 100% controlled by the AGA Rangemaster Group plc

The Company was owed an amount by its indirectly owned 98 5% subsidiary Grange SAS The balance at 31st December 2013 was £8 9m (2012 £5 5m) and is repayable on demand The maximum balance during the year was £9 6m

15. Trading subsidiaries

The Company s principal trading subsidiaries at 31st December 2013 are listed in note 29 of the consolidated annual report and accounts

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AGA RANGEMASTER GROUP PLC

We have audited the parent Company financial statements of AGA Rangemaster Group plc for the year ended 31st December 2013 which comprise the parent Company balance sheet and the related notes 1 to 15 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 set out on page 30 the directors are responsible for the preparation of the parent Company 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 parent Company 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 parent 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 parent Company financial statements
- give a true and fair view of the state of the Company's affairs as at 31st December 2013
- 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 matters prescribed by the Companies Act 2006
In our opinion
- the part of the directors remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006 and
- 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 parent Company 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 and the part of the directors' remuneration report to be audited 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

Other matter
We have reported separately on the Group financial statements of AGA Rangemaster Group plc for the year ended 31st December 2013

Ernst & Young LLP

Simon O'Neill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor
Birmingham
7th March 2014

SHAREHOLDER INFORMATION

Head office and registered office
AGA Rangemaster Group plc
Juno Drive
Leamington Spa
Warwickshire
CV31 3RG
Telephone +44 (0) 1926 455755
Fax +44 (0) 1926 455749
E-mail info@agarangemaster com
Website www agarangemaster com
Registered in England and Wales no 00354715

2014 financial calendar

Annual General Meeting	1st May 2014
2014 half year close	30th June 2014

At 31st December 2013 the Company had 5 226 ordinary shareholders (2012 5 461) Their holdings are analysed as follows

Number of 46⅞p ordinary shares	Number of shareholders	% of total shareholders	Number of shares held	% of total shares held
Up to 5 000	4 859	93 0	3 350,424	4 8
5 001-50 000	259	5 0	3,711 216	5 4
50 001-500,000	81	1 5	15 604 731	22 5
Over 500,001	27	0 5	46 597 852	67 3
	5,226	**100 0**	**69,264,223**	**100 0**

Share fraud warning
Shareholders are advised to be very wary of any unsolicited investment advice or offers of free company reports Keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you in this way Fraudsters use persuasive and high-pressure tactics to lure investors into scams commonly by offering to sell shares that are worthless or non-existent or to buy shares at an inflated price in return for an upfront payment The FCA estimate £200 million is lost in the UK each year to share fraud, with most victims being experienced investors

The FCA provides the following guidance should you be contacted in this manner
- Obtain the name of the person calling and the firm they represent
- Check the Financial Services Register at www fca org uk/register to ensure they are authorised by the FCA
- Use the firm s contact details listed on the Register if you want to call it back
- If you deal with an unauthorised firm you will not have access to the Financial Ombudsman Service and will not be eligible to receive payment under the Financial Services Compensation Scheme
- Search the list of unauthorised firms to avoid at www fca org uk/scams
- If you are approached by an unauthorised firm or you are told details on the Register are out of date, please call the FCA on 0800 111 6768 or use the share fraud reporting form at www fca org uk/scams Please also inform our registrars Equiniti, by calling 0871 384 2355
- If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040

Share dealing services
The Company s registrar Equiniti Financial Services Limited offers UK and EEA resident shareholders a telephone and internet dealing service Shareview which provides a simple and convenient way to buy and sell shares For telephone purchases and sales call 0845 603 7037 between 8 00a m and 4 30p m Monday to Friday and for internet dealings log on to www shareview co uk/dealing For the sale of shares you will need your shareholder reference number as shown on your share certificate

Cautionary note regarding forward-looking statements
This annual report and accounts includes statements that are forward-looking in nature Forward-looking statements involve known and unknown risks, assumptions and uncertainties that could cause actual results or outcomes to be materially different from those expressed or implied by such forward-looking statements All forward-looking statements in this annual report and accounts are based upon information known to the Company on the date of this annual report and accounts No assurance is given that any particular expectation will be met and you are cautioned not to place undue reliance on forward-looking statements Except as required by the Listing Rules and applicable law the Company does not undertake to update or revise any forward-looking statement whether as a result of new information future events or otherwise

Designed and produced by Emperor
www.emperordesign.co.uk +44 (0)121 262 3830

AGA RANGEmaster
Group plc

Juno Drive, Leamington Spa
Warwickshire, CV31 3RG

T 01926 455 755
F 01926 455 749

email info@agarangemaster.com
www.agarangemaster.com