

[REDACTED]

**Notes forming part of the financial statements  
for the year ended 31 December 2013 (continued)**

---

**14 Provisions for liabilities and charges (continued)**

During the prior year the company encountered an unusual incidence of claims in respect of a failure of product incorporating a specific component, all manufactured in years prior to 2012. Claims of this type were covered by third party insurance up to 6 March 2013 which reduced the impact of claims received but the company is now liable for the entire loss on future claims because the company now self-insures these losses. The provision recognised is the Directors' best estimate of the company's liability based on the information available.

In order to help estimate, the potential cost of future claims the company engaged an independent third party actuary who provided a report dated 21 May 2014. The directors are not aware of the exact cause of the product failure, the dates of manufacture for failed products or the number of products installed in the field and the reason for low level of claims actually received to date and therefore consider that it is possible that future claims could be significantly different to the figure calculated by the actuary and could range from a negligible value to as much as £4m. The directors have included a provision at the amount specified in the actuarial report as the most likely value of future payments based on information available to date. The incidence of claims will continue to be monitored and the provision established will be considered in future years as evidence of the level of claims received becomes available. The directors note that changes were made in the manufacturing process to remove the product failure issue.

**15 Contingent Liability**

As explained in note 14 the company has encountered an unusual incidence of failure of product incorporating a specific component which has given rise to a number of claims for water damage and that provision for claims made and expected to be made in respect of the period to 31 December 2012 has been included in these financial statements. Claims of this type were covered by third party insurance up to 6 March 2013 which reduced the impact of claims received but the company is now liable for the entire loss on future claims because the company now self-insures these losses. The provision recognised is the Directors' best estimate of the company's liability based on the information available although they recognise the actual liability could be substantially different to the current provision as detailed in note 14.

**16 Called up share capital**

	2013 £	2012 £
<b>Authorised, allotted and fully paid share capital</b>		
[REDACTED] ordinary shares of [REDACTED] each	[REDACTED]	[REDACTED]