Jani-Jack Limited

Directors' report and financial statements

Registered number 1065048

31 December 2001

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The principal activity of the company during the year was the manufacture and sale of light industrial and commercial cleaning equipment combined with precision engineering.

Business review

The results for the year are set out on page 5. On 31 December 2001 the company transferred its trade, undertaking and assets to its fellow subsidiary undertaking, Addis Housewares Limited. Net assets were transferred at net book value for a consideration equal to that net book value.

Dividends and transfer to reserves

The directors do not propose the payment of a final dividend *(2000: £Nil).* The loss for the financial year of £56,000 *(2000: £122,000 profit)* was transferred to reserves.

Directors and directors' interest

The directors who held office during the year were as follows:

F-J Wulf	
A J Christopher	Resigned 2 April 2001(dismissed as managing director on 11 December 2000)
Dr. J Michel	Appointed 6 November 2001
W. Siegelin	Resigned 29 October 2001

The interests in the share capital of group companies of F-J Wulf are shown in the financial statements of the ultimate parent undertaking of which company he is a director.

No other director had any interest in the share capital of any group company at the year end.

Employees

The company continued its procedures for communicating and consulting with employees during the year, including involving them in matters which affect their interest as employees.

The policy of the company is to achieve a high standard of health, safety and welfare at work for all employees.

Directors' report *(continued)*

Employees *(continued)*

The engagement and continuing employment of disabled persons remained part of the company's policy. Where such individuals have the appropriate experience, ability and qualifications to do the job, they are offered equal opportunities for training, career developments and promotion as are offered to those who are not disabled.

By order of the board

RJ Tucker

R J Tucker
Secretary

27 JUN 2002

River Bank
Swansea
SA1 7DD

2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JANI-JACK LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company in not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Bristol

Date: 27 JUN 2002

Profit and loss account
for the year ended 31 December 2001

	Note	**Discontinued Activities 2001 £000**	2000 £000
Turnover	*2*	**5,219**	5,081
Cost of sales		**(3,742)**	(3,399)
Gross profit		**1,477**	1,682
Distribution costs		**(998)**	(1,013)
Administrative expenses		**(591)**	(693)
Operating (loss)		**(112)**	(24)
Interest receivable and similar income		**67**	76
(Loss)/profit on ordinary activities before taxation	*3*	**(45)**	52
Tax on (loss)/ profit on ordinary activities	*6*	**(11)**	70
(Loss)/profit on ordinary activities after taxation being (loss)/profit for the financial year	*15*	**(56)**	122
Retained profit brought forward	*15*	**1,708**	1,586
Retained profit carried forward	*15*	**1,652**	1,708

Consolidated statement of total recognised gains and losses:

	2001 £000	2000 £000
(Loss)/Profit for the financial year being total recognised gains and losses relating to the year	**(56)**	122
	(56)	122

Balance sheet
at 31 December 2001

	Note	**2001** £000	**2001** £000	2000 £000	2000 £000
Fixed assets					
Tangible assets	*7*		**-**		916
Investments	*8*		**5**		5
			5		921
Current assets					
Stocks	*9*	**-**		477	
Debtors	*10*	**2,147**		895	
Cash at bank and in hand		**-**		1,163	
		2,147		2,535	
Creditors: amounts falling due within one year	*11*	**-**		(1,240)	
Net current assets			**2,147**		1,295
Total assets less current liabilities			**2,152**		2,216
Creditors: amounts falling due after more than one year	*12*		**-**		(8)
Net assets			**2,152**		2,208
Capital and reserves					
Called up share capital	*14,15*		**500**		500
Profit and loss account	*15*		**1,652**		1,708
Shareholders' funds	*15*		**2,152**		2,208

These financial statements were approved by the board of directors on 27 June 2002 and were signed on its behalf by:

F.J. Wulf

FJ Wulf
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in the year and the prior year in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

The company is exempt from preparing group accounts under section 228 of the Companies Act 1985, as a result the financial statements present information about the company, not its group.

In preparing the financial statements for the current year, the company has adopted FRS 18 'Accounting Policies' and the transitional arrangements of FRS 17 'Retirement benefits'. Adopting these standards has not required any revisions to the financial statements in either the current or prior year.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 30 years
Leasehold buildings	- 15 years
Fixtures and fittings	- 5 to 10 years
Plant and machinery	- 3 to 7 years
Motor vehicles	- 4 years

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or the rates of exchange at which they were contracted to be settled. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leased assets

Where the company enters into a lease which entails substantially all the risks and rewards of ownership of an assets, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs

The group operates a defined benefit pension scheme, the Addis Housewares Limited Pension Scheme, covering the majority of its permanent employees. The scheme funds are administered by trustees and are independent of the group's finances. The scheme is funded and contributions are paid to the scheme in accordance with the recommendations of independent actuaries. The group's contributions are charged against profits, so as to give a constant periodic rate of charge over the period during which the group derives benefit from the employees' services.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is mainly determined using the first in, first out basis. Work in progress and finished goods include materials, direct labour and an appropriate proportion of production overhead expenses.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability or asset will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

Related parties

The company has taken advantage of the exemptions under Financial Reporting Standard 8 from the requirement to disclose transactions with group companies.

2 Analysis of turnover

Turnover and profit on ordinary activities before taxation arise solely from the principal activity of the company.

The company has not disclosed an analysis of turnover by market as the directors consider that this will be seriously prejudicial to the company.

Notes *(continued)*

3 (Loss)/profit on ordinary activities before taxation

Loss)/profit on ordinary activities before taxation is stated after charging:	**2001 £000**	2000 £000
Auditors' remuneration:		
Audit work	**7**	7
Other services	**2**	2
Depreciation of tangible fixed assets:		
Owned	**161**	112
Hire purchase	**6**	9
Amounts payable under operating lease in respect of other assets	**83**	65

4 Staff numbers and costs

The average number of persons employed full time by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
Manufacturing	**33**	36
Distribution	**16**	20
Administration	**14**	19
	63	75

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**1,049**	1,251
Social security costs	**91**	108
Other pension costs	**98**	44
	1,238	1,403

Notes *(continued)*

5 Remuneration of directors

	2001	2000
	£000	£000
Directors' emoluments	-	45

6 Taxation

	2001	2000
	£000	£000
On (loss)/profit for the financial year:		
UK corporation tax at 30 % *(2000: 30%)*	11	-
Prior period adjustments:		
UK corporation tax	-	(70)
	11	(70)

7 Tangible fixed assets

	Leasehold	**Freehold land and buildings**	**Plant and equipment**	**Motor vehicles**	**Office equipment**	**Total**
	£000	£000	£000	£000	£000	£000
Cost						
At beginning of year	4	1,264	1,855	56	318	3,497
Additions	-	-	11	-	3	14
Disposals –external	-	-	(45)	-	-	(45)
Disposals- intra group	(4)	(1,264)	(1,821)	(56)	(321)	(3,466)
At end of year	-	-	-	-	-	-
Depreciation and diminution in value						
At beginning of year	-	831	1,467	36	247	2,581
Charge for period	-	9	112	7	39	167
On disposals - external	-	-	(45)	-	-	(45)
Disposals – intra group	-	(840)	(1,534)	(43)	(286)	(2,703)
At end of year	-	-	-	-	-	-
Net book value						
At 31 December 2001	-	-	-	-	-	-
At 31 December 2000	4	433	388	20	71	916

Notes *(continued)*

7 Tangible fixed assets *(continued)*

Net book value above includes £nil *(2000: 18,000)* in respect of motor vehicles being acquired under finance leases.

Freehold land and buildings included land at 31 December 2000 at a cost of £180,000 which is not depreciated.

8 Fixed asset investments

This represents the cost of the company's investment in the entire issued share capital of JA & MF Engineering Limited, its subsidiary undertaking. That company is registered in England and Wales and has been dormant throughout the year and the prior year.

9 Stocks

	2001	2000
	£000	£000
Raw materials and consumables	-	149
Work in progress	-	91
Finished goods and goods for resale	-	237
	-	477

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

10 Debtors

	2001	2000
	£000	£000
Trade debtors	-	820
Amounts owed by group undertakings	**2,147**	2
Other debtors	-	11
Prepayments and accrued income	-	62
	2,147	895

Notes *(continued)*

11 Creditors: amounts falling due within one year

	2001	2000
	£000	£000
Trade creditors	-	373
Amounts owed to group undertakings	-	434
Other taxes and social security	-	77
Other creditors	-	116
Accruals and deferred income	-	233
Obligations under finance leases and hire purchase contracts	-	7
	-	1,240

12 Creditors: amounts falling due after more than one year

	2001	2000
	£000	£000
Obligations under finance leases and hire purchase contracts	-	8

Obligations under finance leases and hire purchase contracts are repayable as follows:

	2001	2000
	£000	£000
Within one year (note 11)	-	7
Within two to five years	-	8
	-	15

13 Deferred taxation

At the period end the potential asset at 30% *(2000: 30%)* is as follows:

	Unprovided	Unprovided
	2001	2000
	£000	£000
Differences between accumulated depreciation and capital allowances	-	(9)
Other timing differences	-	(12)
	-	(21)

Notes *(continued)*

14 Called up share capital

	2001 £000	2000 £000
Authorised, allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	**500**	500

15 Reconciliation of movements in shareholders' funds

	Share capital £000	Profit and Loss £000	Total £000
At 1 January 2000	500	1,586	2,086
Profit for the financial year	-	122	122
At 31 December 2000	500	1,708	2,208
Loss for year	-	(56)	(56)
Shareholders' funds at 31 December 2001	500	1,652	2,152

16 Commitments

Annual commitments under non-cancellable operating leases for plant and machinery are as follows:

	2001 £000	2000 £000
Opening leases which expire:		
Within one year	-	10
In the second to fifth years inclusive	-	47
	-	57

17 Contingent liabilities

The company is contingently liable for an unlimited joint and several guarantee in respect of certain bank loans and overdrafts of itself and other group companies amounting to a maximum of £2.5m (2000: £2.5m).

Notes *(continued)*

18 Pensions

The group operates a funded defined benefit pension scheme for the majority of its employees, the Addis Housewares Limited Pension Scheme.

Contributions and pension costs are assessed in accordance with the advice of a professionally qualified actuary. The method adopted is the "projected unit credit method". The principal assumptions adopted by the actuary in providing this advice are as follows:

Investment returns	:	8% per annum
Pay increases	:	5.5% per annum
Pension increases	:	3% per annum for pre April 1997 entitlements in excess of the GMP; 3.5% for post April 1997 entitlements
Price inflation	:	3.5% per annum
Administration expenses	:	1% of pensionable salaries

The pension scheme was valued as at 1 July 1999.

The market value of the scheme's assets at 30 June 1999 was £12.4 million. The actuarial value was 86% of the market value which expressed in percentage terms gives a funding level of about 103%. However, the additional valuation performed for minimum funding requirement purposes showed a significant deficit in the scheme, and with effect from 1 January 2000 the company therefore commenced contributions at the rate of 18% of pensionable salaries compared with the regular cost of 11.2%.

The actuarial valuation of the scheme was updated approximately to 31 December 2001 by qualified independent actuaries. The major assumptions used for FRS17 purposes as at 31 December 2001 are:

Rate of increase in salaries	4.0%
Rate of increase in pensions	Between 2.5% and 3.5%
Discount rate	5.8%
Inflation assumption	2.5%

Notes *(continued)*

The assets of the scheme are mainly invested in a pooled fund with Zurich Scudder Investments. The expected rates of return are:

	Long-term rate of return expected at 31 December 2001	**Value at 31 December 2001 £ million**
Equities	7.9%	11.16
Bonds	5.2%	1.74
Other	4.2%	1.26
Total market value of assets		**14.16**
Present value of scheme liabilities		**(18.38)**
Deficit in the scheme		**(4.22)**
Surplus restriction		-
Net pension deficit before deferred tax		**(4.22)**
Related deferred tax asset at 30%		**1.27**
Net pension liability		**(2.95)**

Money purchase pension assets and liabilities (AVCs) are excluded from the table above. The scheme was closed to new entrants with effect from 7 November 2001. Consequently the average age of active members will rise in future years and this will cause a gradual increase in the service cost component of pension costs in future years, when expressed as a percentage of the pay of remaining active members.

The scheme was amended with effect from on May 1, 2002 with existing members no longer accruing benefits from that date. The company is encouraging all employees to join its stakeholder scheme, which the company is contributing to.

Under SSAP 24 the contributions made in accordance with the minimum funding requirement would be reported in the balance sheet as part of the group's overall pension prepayment asset. However, in the opinion of the directors this asset would not be recoverable in future years, and indeed would be expected to increase. In order to comply with the requirement of the Companies Act 1985 to carry current assets at the lower of their cost and net realisable value they have therefore charged £37,000 of the contributions to the profit and loss account for the year, thereby writing down the asset to its recoverable amount, zero.

The pension cost for the year was £98,000 *(2000: £44,000)*, the balance sheet prepayment at the end of the year was £nil *(2000: £9,000)*.

19 Ultimate parent undertaking

In the opinion of the directors the ultimate parent undertaking and controlling interest is held by Emsa-Holding AG incorporated in Germany.

The smallest and largest groups interest in which the results of the company are considered are Addis Group Limited and Emsa-Holding AG. Copies of the group financial statements which include the company are available from Emsa-Holding AG Grevener Damm 215-225, D-48282, Emsdetten, Germany.