

Jani-Jack Limited

**Directors' report and financial
statements**

Registered number 1065048

31 December 1999



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 1999.

Principal activities

The principal activity of the company continues to be 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.

Year 2000

As reported last year, the company had prepared for the change in date into 2000 and did not experience any major disruption to its business or operations during January 2000.

Given the complexity of the issue, it is impossible to guarantee that no Year 2000 problems will arise.

Dividends and transfer to reserves

The profit for the period was £316,000 (1998: £185,000). The directors do not propose a dividend (1998: £Nil) leaving a profit of £316,000 (1998: £185,000) to be transferred to reserves.

Directors and directors' interest

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

P Frost	
C Papadopoulos	Resigned 31 January 2000
A J Christopher	

No director had no interest in any group companies 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.

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.

Directors' report *(continued)*

Auditors

In accordance with section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly KPMG are deemed to be re-appointed for the succeeding financial year.

By order of the board



A J Christopher
Secretary

River Bank
Swansea
SA1 7DD

5 May 2000

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.



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Auditors' report to the members of Jani-Jack Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 is not disclosed.

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 judgements 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 the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors

15 May 2000

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	31 December 1999 £000	31 December 1998 £000
Turnover	2	4,974	4,166
Cost of sales		(3,080)	(2,666)
Gross profit		1,894	1,500
Distribution costs		(866)	(657)
Administrative expenses		(642)	(573)
Operating profit		386	270
Interest receivable and similar income		55	43
Interest payable and similar charges	3	-	(3)
Profit on ordinary activities before taxation	4	441	310
Tax on profit on ordinary activities	7	(133)	(125)
Retained profit on ordinary activities after taxation being profit for the financial period		308	185
Balance brought forward		1,278	1,093
Balance carried forward		1,586	1,278


There were no recognised gains or losses in either financial period other than those passing through the profit and loss account.

Balance sheet
at 31 December 1999

	Note	1999 £000	1998 £000
Fixed assets			
Tangible assets	8	812	853
Investments	9	5	5
		<u>817</u>	<u>858</u>
Current assets			
Stocks	10	507	384
Debtors	11	949	738
Cash at bank and in hand		923	637
		<u>2,379</u>	<u>1,759</u>
Creditors: amounts falling due within one year	12	<u>(1,094)</u>	<u>(839)</u>
Net current assets		<u>1,285</u>	<u>920</u>
Total assets less current liabilities		<u>2,102</u>	<u>1,778</u>
Creditors: amounts falling due after more than one year		<u>(16)</u>	<u>-</u>
Net assets		<u>2,086</u>	<u>1,778</u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account		1,586	1,278
Shareholders' funds	16	<u>2,086</u>	<u>1,778</u>

These financial statements were approved by the board of directors on its behalf by:

5 May 2000 and were signed on


AJ Christopher
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently 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 their financial statements present information about the company, not its group.

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.

Concessions, patents, licences and trademarks are amortised over their respective unexpired periods.

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 the group derives benefit from the employees services.

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

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 profit 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) and other sales 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 related parties which are members of the same group.

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.

3 Interest payable

	£000	£000
On bank loans and overdrafts	Nil	3
	<u> </u>	<u> </u>

Notes (continued)

4 Profit on ordinary activities before taxation

	1999 £000	1998 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration - audit work	7	7
- other services	2	1
Depreciation of tangible fixed assets:		
Equipment on hire purchase	9	9
Other assets	136	145
Amounts payable under operating lease in respect of other assets	52	42
Research and development	3	3
	<u> </u>	<u> </u>

5 Staff numbers and costs

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

	Number of employees	
Manufacturing and distribution	45	41
Selling, marketing and administration	28	25
	<u> </u>	<u> </u>
	73	66
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	1,132	967
Social security costs	103	83
Other pension costs	28	12
	<u> </u>	<u> </u>
	1,263	1,062
	<u> </u>	<u> </u>

Notes (continued)

6 Remuneration of directors

	£000	£000
Directors' emoluments	44	38
	<u> </u>	<u> </u>

7 Taxation

	£000	£000
On profit for the financial period:		
UK corporation tax at 30.25% (1998: 31%)	149	110
Prior period adjustments:		
UK corporation tax	(16)	15
	<u> </u>	<u> </u>
	133	125
	<u> </u>	<u> </u>

8 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 period	4	1,249	1,631	41	281	3,206
Additions	-	10	41	28	27	106
Disposals	-	-	(4)	-	(2)	(6)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of period	4	1,259	1,668	69	306	3,306
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation and diminution in value						
At beginning of period	-	811	1,311	31	200	2,353
Charge for period	-	9	102	8	26	145
On disposals	-	-	(4)	-	-	(4)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of period	-	820	1,409	39	226	2,494
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value						
At 31 December 1999	4	439	259	30	80	812
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1998	4	438	320	10	81	853
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

8 Tangible fixed assets (continued)

Net book value above includes £23,000 (1998: £Nil) in respect of motor vehicles being acquired under finance leases.

Included in freehold land and buildings is land at a cost of £180,000 which is not depreciated.

9 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.

10 Stocks

	1999 £000	1998 £000
Raw materials and consumables	146	109
Work in progress	150	126
Finished goods and goods for resale	211	149
	<hr/> 507	<hr/> 384
	<hr/> <hr/>	<hr/> <hr/>

11 Debtors

	1999 £000	1998 £000
Trade debtors	814	667
Prepayments and accrued income	114	28
Other debtors	-	26
Amounts owed by group undertakings	21	17
	<hr/> 949	<hr/> 738
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

12 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	277	223
Amounts owed to group undertakings	357	340
Taxation and social security	154	101
Other creditors	190	39
Accruals and deferred income	110	136
Finance leases	6	-
	<u>1,094</u>	<u>839</u>

13 Creditors: amounts falling due after more than one year

	1999 £000	1998 £000
Finance leases	16	-
	<u>16</u>	<u>-</u>

14 Deferred tax

At the period end the potential asset at 30% (1998: 30%) is as follows:

	1999 £000	1998 £000
Differences between accumulated depreciation and capital allowances	(30)	(12)
Other timing differences	(13)	(8)
	<u>(43)</u>	<u>(20)</u>

15 Called up share capital

	1999 £000	1998 £000
<i>Authorised, allotted, called up and fully paid</i> 500,000 Ordinary shares of £1 each	500	500
	<u>500</u>	<u>500</u>

Notes (continued)

16 Reconciliation of shareholders' funds

	1999 £000	1998 £000
At beginning of year	1,778	1,593
Profit for financial period	308	185
	<hr/> 2,086 <hr/>	<hr/> 1,778 <hr/>

17 Pensions

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

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	:	3-3.5% per annum
Equity dividend increases	:	4.75% per annum

The pension scheme was valued as at 30 June 1999.

The market value of the scheme's assets at 30 June 1999 were £12.4 million. The actuarial value was 86% of the market value. Expressed in percentage terms the funding level is about 103%. With effect from 1 January 2000 the company commenced contributions at the rate of 18% of pensionable salaries.

The pension cost for the year was £28,000 (1998: £12,000), the balance sheet provision at the end of the year was £45,000 (1998: £17,000).

18 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.

Notes *(continued)*

19 Commitments

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

	1999 £000	1998 £000
Lease expiring:		
Within one year	3	2
Between two and five years	63	55
	<hr/>	<hr/>
	66	57
	<hr/>	<hr/>

20 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.