

**Burco Dean Appliances Limited**

Accounts 31 March 2002

Together with Directors' and Auditors' Reports

Registered number: 1870098



## **Burco Dean Appliances Limited**

### **Directors' Report for the Year Ended 31 March 2002**

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 31 March 2002.

#### **1. Principal activity and business review**

The principal activity of the Company is the manufacture and sale of a range of domestic electrical and gas appliances.

#### **2. Results and dividends**

The Company's profit for the year after taxation was £317,000 (2001 - £127,000). The directors do not recommend the payment of a dividend in respect of the current year (2001 - £Nil). Shareholders' funds at 31 March 2002 amounted to £2,298,000 (2001 - £1,981,000).

#### **3. Directors and their interests**

The directors who served during the year were as follows:

M. Naughton (Chairman)  
L. Quinn  
S. O'Driscoll  
R. Colquitt

M. Naughton, L. Quinn and S. O'Driscoll are directors of the ultimate parent company. Their interests in the shares of the company's ultimate parent company are disclosed in the accounts of that company.

The directors do not have any other interests which are required to be disclosed under Section 234 of the Companies Act 1985.

#### **4. Directors' responsibilities**

Company law requires the directors to prepare accounts 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 of the Company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

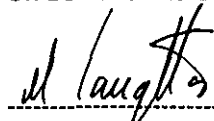
**5. Disabled Employees**

Application for employment by disabled persons is always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

**6. Auditors**

Arthur Andersen are willing to continue in office.

On Behalf of the Board



----- Chairman

29 August 2002

Waterside Mill  
Rosegrove  
Burnley  
Lancashire  
BB12 6AL



**ANDERSEN**

**Independent Auditors' Report to the Shareholders of Burco Dean Appliances Limited:**

We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 8.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Directors' Report. 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 is 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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the Company's state of affairs at 31 March, 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditor

Dublin

29 August 2002

**Burco Dean Appliances Limited**  
**Profit and Loss Account**  
**For the Year Ended 31 March 2002**

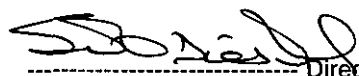
	<b>Note</b>	<b>2002</b> £'000	<b>2001</b> £'000
<b>Turnover</b>			
Continuing operations		10,859	10,064
Acquisitions		-	187
		-----	-----
	<b>3</b>	10,859	10,251
Cost of sales		(8,583)	(8,588)
		-----	-----
<b>Gross profit</b>		2,276	1,663
Other operating expenses (net)	<b>4</b>	(1,828)	(1,523)
		-----	-----
<b>Operating profit</b>			
Continuing operations		448	74
Acquisitions		-	66
		-----	-----
		448	140
Interest payable and similar charges	<b>5</b>	(10)	(14)
		-----	-----
<b>Profit on ordinary activities before taxation</b>	<b>6</b>	438	126
Tax on profit on ordinary activities	<b>8</b>	(121)	1
		-----	-----
<b>Profit retained for the year</b>		317	127
<b>Retained profit, beginning of the year</b>		498	371
		-----	-----
<b>Retained profit, end of year</b>		815	498
		=====	=====

The accompanying notes are an integral part of this profit and loss account.

**Statement of recognised gains and losses**

No statement of recognised gains and losses has been presented, as there have been no recognised gains or losses other than the profit for the financial year for each of the years ended 31 March 2001 and 31 March 2002 as shown above.

On Behalf of the Board

  
 Director


Approved by the Directors on 29 August 2002

**Burco Dean Appliances Limited****Balance Sheet - 31 March 2002**

	<b>Note</b>	<b>2002</b> £'000	<b>2001</b> £'000
<b>Fixed assets</b>			
Tangible assets	<b>9</b>	567	590
		-----	-----
<b>Current assets</b>			
Stocks	<b>10</b>	3,015	2,642
Debtors	<b>11</b>	3,774	2,853
Cash at bank and in hand		352	527
		-----	-----
		7,141	6,022
<b>Creditors: Amounts falling due within one year</b>	<b>12</b>	(5,378)	(4,613)
		-----	-----
<b>Net current assets</b>		1,763	1,409
		-----	-----
<b>Total assets less current liabilities</b>		2,330	1,999
		-----	-----
<b>Creditors: Amounts falling due after more than one year</b>	<b>13</b>	(32)	(18)
		-----	-----
<b>Net assets</b>		2,298	1,981
		=====	=====
<b>Capital and reserves</b>			
Called-up share capital	<b>14</b>	-	-
Capital contribution		1,483	1,483
Profit and loss account		815	498
		-----	-----
<b>Equity shareholders' funds</b>	<b>15</b>	2,298	1,981
		=====	=====

The accompanying notes are an integral part of this balance sheet.

On Behalf of the Board

  
----- Director

Approved by the Directors on 29 August 2002

**Burco Dean Appliances Limited**  
Notes to the Accounts – 31 March, 2002

**1. Accounting policies**

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, with the exception of the policy for deferred tax which has been changed to comply with Financial Reporting Standard 19, are:

*a) Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

*b) Research and development*

Research and development expenditure is written off in the period of the expenditure.

*c) Tangible fixed assets*

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	25 years
Plant and equipment	3 - 8 years
Motor vehicles	4 years

Freehold land is not depreciated.

*d) Intangible fixed assets*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, normally 20 years. Provision is made for any impairment.

*e) Stocks*

Stocks are stated at the lower of first-in, first-out cost and net realisable value. Cost includes all expenditure incurred in bringing each product to its present location and condition and includes an appropriate allocation of manufacturing overheads. Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**1. Accounting policies (cont.)**

*f) Turnover*

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

*g) Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average 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. Deferred tax is measured on a non-discounted basis.

*h) Leases*

Assets held under finance leases are stated at their fair value, with an equivalent liability categorised as appropriate under creditors due within or after one year. Assets are depreciated over their useful lives, all of which are less than the lease periods. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability.

*i) Foreign currency*

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.



**1. Accounting policies (cont.)**

*j) Pension costs*

The company provides for its pension liabilities by payments to a self-administered group scheme at contribution rates as advised by its external actuarial consultants.

The amount charged to the profit and loss account in respect of defined benefit schemes is the estimated regular cost of providing the benefits accrued in the year (as advised by professionally qualified actuaries), adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining service lives of employees. The amount charged to the profit and loss account in respect of defined contribution schemes is the contribution payable for the year.

Any difference between amounts charged to the profit and loss account and contributions paid to pension schemes is included in debtors or creditors in the balance sheet.

**2. Cash flow statement**

The Company is a wholly owned subsidiary undertaking of Glen Electric Limited, a company that produces publicly available accounts in which the results of the Company are included. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 (Revised) "Cash flow statements" from publishing a cash flow statement.

**3. Segment information**

The whole of the turnover relates to the sale of domestic electrical and gas appliances. Contributions to turnover by geographical area were as follows:

	<b>2002</b>	<b>2001</b>
	£'000	£'000
United Kingdom	9,420	8,781
Europe	795	985
Rest of the world	644	485
	-----	-----
	10,859	10,251
	=====	=====

**4. Other operating expenses (net)**

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Distribution costs	452	343
Selling and marketing costs	426	592
Research and development costs	133	179
Administrative expenses	838	409
Gain on disposal of tangible fixed assets	(21)	-
	-----	-----
	1,828	1,523
	=====	=====

**5. Interest payable and similar charges**

	<b>2002</b>	<b>2001</b>
	£'000	£'000
On finance leases	10	14
	==	==

**6. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Depreciation of tangible fixed assets - owned	84	102
- leased	21	19
Auditors' remuneration for audit services	14	13
Staff costs (note 7)	2,663	2,491
	=====	=====

**7. Staff costs**

Particulars of employees (including executive directors) are shown below:

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	2,377	2,151
Social security costs	168	206
Pensions	118	134
	-----	-----
	2,663	2,491
	=====	=====

**7. Staff costs (cont.)**

The average monthly number of persons employed by the company during the year was as follows:

	<b>2002</b>	<b>2001</b>
Production	161	147
Distribution and sales	23	30
Design and development	2	4
Administration	8	9
	----	----
	194	190
	===	===

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Directors' remuneration:		
Emoluments	84	64
	==	==

One director was a member of the Group's defined benefit pension scheme.

**8. Tax on profit on ordinary activities**

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Corporation tax charge / (credit) at 30%	121	(1)
	==	==

The difference between the total current taxation shown above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Profit on ordinary activities before tax	438	126
	-----	-----
Tax on profit on ordinary activities at standard corporation tax rate of 30% (2001 – 30%)	131	38
Effects of:		
Non-deductable expenses	-	2
Depreciation/capital allowances	(4)	2
Over provision – prior year	-	(1)
Capital gain on sale of assets – loss relieved	(6)	-
Group relief	-	(55)
Other, net	-	13
	-----	-----
<b>Current tax charge/(credit) for the year</b>	<b>121</b>	<b>(1)</b>
	=====	=====

## 9. Tangible assets

The movement in the year was as follows:

	Freehold land and buildings £'000	Plant and equipment £'000	Leased Motor Vehicles £'000	Total £'000
<b>Cost</b>				
Beginning of year	393	1,283	74	1,750
Additions	19	141	52	212
Disposals	-	(275)	(51)	(326)
	-----	-----	-----	-----
End of year	412	1,149	75	1,636
	-----	-----	-----	-----
<b>Depreciation</b>				
Beginning of year	163	957	40	1,160
Charge	16	68	21	105
Disposals	-	(164)	(32)	(196)
	-----	-----	-----	-----
End of year	179	861	29	1,069
	-----	-----	-----	-----
<b>Net book value</b>				
Beginning of year	230	326	34	590
	=====	=====	=====	=====
End of year	233	288	46	567
	=====	=====	=====	=====

The net book value of assets held under finance leases is £46,540 (2001 - £34,465). The depreciation charge for the year on those assets was £20,607.

## 10. Stocks

	2002 £'000	2001 £'000
Raw materials and work in progress	1,503	1,646
Finished goods	1,512	996
	-----	-----
	3,015	2,642
	=====	=====

## 11. Debtors

	2002 £'000	2001 £'000
Trade debtors	1,782	1,956
Amounts owed by other group undertakings	1,883	830
Prepayments and accrued income	109	67
	-----	-----
	3,774	2,853
	=====	=====

**12. Creditors: Amounts falling due within one year**

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Obligations under finance leases	18	18
Trade and other creditors	1,430	1,549
Social security and PAYE	81	75
UK corporation tax payable	-	1
Accruals and deferred income	126	136
Amounts due to other group companies	3,723	2,834
	-----	-----
	5,378	4,613
	====	====

**13. Creditors: Amounts falling due after more than one year**

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Obligations under finance leases	32	18
	==	==
 Obligations under finance leases:		
	<b>2002</b>	<b>2001</b>
	£'000	£'000
Amounts payable		
- within one year	18	18
- between two and five years	32	18
	----	----
	50	36
	==	==

**14. Called-up share capital**

	<b>2002</b>	<b>2001</b>
	£	£
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
	==	==
 <b>Allotted, called-up and fully paid</b>		
2 ordinary shares of £1 each	2	2
	==	==

**15. Reconciliation of movements in equity shareholders' funds**

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Opening shareholders' funds	1,981	1,854
Profit for the financial year	317	127
	-----	-----
Closing shareholders' funds	2,298	1,981
	=====	=====

**16. Guarantees and other financial commitments**

**a) Capital commitments**

	<b>2002</b>	<b>2001</b>
	£'000	£'000
Authorised but not contracted for	30	24
	=====	=====
Contracted for but not provided for	-	-
	=====	=====

**b) Guarantees**

The bank facilities of Glen Dimplex are secured by a debenture on the assets of the group, including those of the Company.

**17. Pension Arrangements**

Certain Company employees are members of a defined benefit pension scheme operated in conjunction with fellow subsidiary companies.

The total pension expense for the year was £118,000 (2001 - £134,000). No significant amounts are due to the pension schemes at 31 March 2002.

Pension costs are assessed in accordance with the advice of a professionally qualified actuary. The scheme is subject to a triennial valuation by a qualified actuary, the last valuation being carried out as at 6 April 2001.

The valuations showed the scheme to have assets with a total market value of £25.6 million and a funding levels of 106%. Actuarial reports are not available for public inspection.

Additional disclosures regarding the Company's defined benefit pension scheme is required under the transitional provisions of FRS 17 "Retirement Benefits" and these are set out below. The disclosures relate to the first year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17 in the year ending 31 March 2004.

## 17. Pension Arrangements (cont.)

The actuarial valuations described above have been updated at 31 March 2002 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuations were:

Rate of increase in salaries	4.0% per annum
Discount rate	5.75% per annum
Inflation rate	2.5% per annum

The fair value of the assets in the scheme, the present value of the liabilities and the expected rates of return at the balance sheet date were:

	Long-term rate of return expected at	Value at 31 March 2002
		£'000
Equities	7.0%	21,286
Bonds	5.0%	2,595
Cash	4.0%	636
		-----
		24,517
		=====
		£'000
Total market value of assets		24,517
Present value of scheme liabilities		(27,796)
		-----
Deficit in the scheme		(3,279)
Related deferred tax asset		984
		-----
Net pension liability		(2,295)
		=====

## 18. Related party transactions

As a subsidiary undertaking of Glen Dimplex the Company has taken advantage of the exemption in Financial Reporting Standard Number 8 "Related party disclosures" not to disclose transactions with other members of the group headed by Glen Dimplex.

There are no further related party transactions that require disclosure.

**19. Ultimate parent company**

The Company is a wholly owned subsidiary undertaking of Glen Electric Limited, a company registered in Northern Ireland. The ultimate parent company and controlling party is Glen Dimplex a company incorporated in the Republic of Ireland.

The largest group in which the results of Burco Dean Appliances Limited are consolidated is that headed by Glen Dimplex and the smallest group is that headed by Glen Electric Limited. The consolidated accounts of Glen Electric Limited are available to the public and may be obtained from the Companies Office, Belfast.

\*\*\*\*\*