

Burco Dean Appliances Limited

Directors' report and
financial statements

Year ended 31 March 2003

Registered number: 1870098



Burco Dean Appliances Limited
Directors' report and financial statements

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Burco Dean Appliances Limited

Directors and other information

Directors

M. Naughton
L. Quinn
S. O'Driscoll
R. Colquitt

Registered office

Waterside Mill
Langham Street
Rose Grove
Burnley
Lancashire BB12 6AL

Secretary

R. Colquitt

Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Solicitors

DLA
Princes Exchange
Princes Square
Leeds
LS1 4BY

Burco Dean Appliances Limited

Directors' report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 March 2003.

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.

Results and dividends

The company's profit for the year after taxation was £333,000 (2002: £317,000). Dividends of £300,000 (2002: £nil) were proposed during the year. Shareholders' funds at 31 March 2003 amounted to £2,331,000 (2002: £2,298,000).

Directors and secretary

The directors and secretary who served during the year are listed on page 1.

Directors' and secretary's shareholdings and other interests

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.

Disabled employees

Application for employment by disabled persons is always fully considered bearing 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.

Burco Dean Appliances Limited
Directors' report (*continued*)

Post balance sheet events

There have been no significant post balance sheet events.

Auditors

During the year, the auditors, Arthur Andersen, tendered their resignation. The directors have appointed KPMG in accordance with Section 384 of the Companies Act, 1985.

On behalf of the board

A handwritten signature in black ink, appearing to read 'S. J. ...', is written over a horizontal line.

Director

16 December 2003

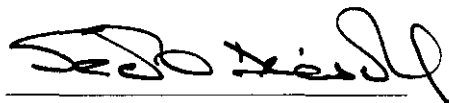
Burco Dean Appliances Limited
Statement of directors' responsibilities

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 of the company 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and which 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.

On behalf of the board



Director



Chartered Accountants

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditors' report to the members of Burco Dean Appliances Limited

We have audited the financial statements on pages 6 to 21.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. 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 auditors' 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 auditors

The directors are responsible for preparing the directors' report and 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, 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.

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 at 31 March 2003 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

*Chartered Accountants
Registered Auditors*

16 December 2003



Burco Dean Appliances Limited
Statement of accounting policies
for the year ended 31 March 2003

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year are:

Basis of preparation

The financial statements have been prepared in sterling in accordance with applicable accounting principles under the historical cost convention and comply with the financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales.

Research and development

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

Tangible assets

Tangible 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 is as follows:

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

Freehold land is not depreciated.

Stocks

Stocks are stated at the lower of first-in, first-out 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.

Turnover

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

Burco Dean Appliances Limited
Statement of accounting policies (*continued*)
for the year ended 31 March 2003

Taxation

Current 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 company's taxable profits and its 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.

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 very 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.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at 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 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.

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 Financial Reporting Standard No.1 from publishing a cash flow statement.

Burco Dean Appliances Limited
Statement of accounting policies (*continued*)
for the year ended 31 March 2003

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 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.

Burco Dean Appliances Limited
Profit and loss account
for the year ended 31 March 2003

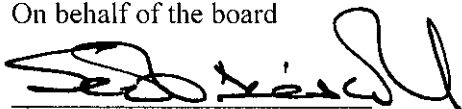
	<i>Note</i>	2003 £'000	2002 £'000
Turnover	<i>1</i>	9,635	10,859
Cost of sales		(7,611)	(8,583)
		<hr/>	<hr/>
Gross profit		2,024	2,276
Other operating expenses (net)	<i>2</i>	(1,674)	(1,828)
		<hr/>	<hr/>
Operating profit		350	448
Interest payable and similar charges	<i>3</i>	(8)	(10)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>4</i>	342	438
Tax on profit on ordinary activities	<i>6</i>	(9)	(121)
		<hr/>	<hr/>
Profit for the financial year		333	317
Dividends	<i>7</i>	(300)	-
		<hr/>	<hr/>
Profit retained for the year		33	317
Profit and loss account, beginning of the year		815	498
		<hr/>	<hr/>
Profit and loss account, end of the year		848	815
		<hr/>	<hr/>

The accompanying notes form 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 2002 and 31 March 2003 as shown above.

On behalf of the board



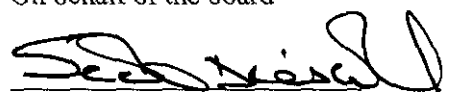
Director

Burco Dean Appliances Limited
Balance sheet
at 31 March 2003

	<i>Note</i>	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	8	528	567
		<hr/>	<hr/>
Current assets			
Stocks	9	3,247	3,015
Debtors	10	1,288	3,774
Cash at bank and in hand		188	352
		<hr/>	<hr/>
		4,723	7,141
Creditors: amounts falling due within one year	11	(2,892)	(5,378)
		<hr/>	<hr/>
Net current assets		1,831	1,763
		<hr/>	<hr/>
Total assets less current liabilities		2,359	2,330
Creditors: amounts falling due after more than one year	12	(19)	(32)
		<hr/>	<hr/>
Provision for liabilities and charges	13	(9)	-
		<hr/>	<hr/>
Net assets		2,331	2,298
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	-	-
Capital contribution		1,483	1,483
Profit and loss account		848	815
		<hr/>	<hr/>
Equity shareholders' funds	15	2,331	2,298
		<hr/>	<hr/>

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

On behalf of the board



Director

Burco Dean Appliances Limited
Notes
forming part of the financial statements

1 Segment information

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

	2003	2002
	£'000	£'000
United Kingdom	8,507	9,420
Europe	850	795
Rest of the world	278	644
	<hr/>	<hr/>
	9,635	10,859
	<hr/>	<hr/>

2 Other operating expenses (net)

	2003	2002
	£'000	£'000
Administrative expenses	654	838
Distribution costs	445	452
Selling and marketing costs	449	426
Research and development costs	128	133
Gain on disposal of tangible fixed assets	(2)	(21)
	<hr/>	<hr/>
	1,674	1,828
	<hr/>	<hr/>

3 Interest payable and similar charges

	2003	2002
	£'000	£'000
On finance leases	8	10
	<hr/>	<hr/>

Burco Dean Appliances LimitedNotes *(continued)***4 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	2003	2002
	£'000	£'000
Depreciation of tangible assets		
- owned	99	84
- leased	13	21
Auditors' remuneration for audit services	11	14
Staff costs (note 5)	2,400	2,663
	<hr/>	<hr/>

5 Staff costs

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

	2003	2002
	£'000	£'000
<i>Employee costs during the year amounted to:</i>		
Wages and salaries	2,120	2,377
Social security costs	147	168
Pensions	133	118
	<hr/>	<hr/>
	2,400	2,663
	<hr/>	<hr/>

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

	2003	2002
Production	135	161
Distribution and sales	20	23
Design and development	2	2
Administration	9	8
	<hr/>	<hr/>
	166	194
	<hr/>	<hr/>

Burco Dean Appliances LimitedNotes *(continued)***5 Staff costs *(continued)***

	2003	2002
	£'000	£'000
<i>Directors' remuneration</i>		
Emoluments	81	84
	<u> </u>	<u> </u>

One director was a member of the parent company's defined benefit pension scheme (2002: *One*).

6 Tax on profit on ordinary activities

	2003	2002
	£'000	£'000
Corporation tax charge at 30%	-	121
Deferred tax (note 13)	9	-
	<u> </u>	<u> </u>
	9	121
	<u> </u>	<u> </u>

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:

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	342	438
	<u> </u>	<u> </u>
Tax on profit on ordinary activities at standard corporation tax rate of 30% (2002: 30%)	103	131
<i>Effects of:</i>		
Non-deductable expenses	2	-
Depreciation/capital allowances	(1)	(4)
Capital gain on sale of assets – loss relieved	-	(6)
Group relief	(104)	-
	<u> </u>	<u> </u>
Current tax charge for the year	-	121
	<u> </u>	<u> </u>

Burco Dean Appliances Limited

Notes *(continued)*

7 Dividends

	2003	2002
	£'000	£'000
Dividends proposed	300	-

8 Tangible assets

	Freehold land and buildings £'000	Plant & equipment £'000	Leased motor vehicles £'000	Total £'000
<i>Cost</i>				
At beginning of year	412	1,149	75	1,636
Additions	-	79	-	79
Retirement	-	(133)	-	(133)
Disposal	-	-	(24)	(24)
At end of year	412	1,095	51	1,558
<i>Depreciation</i>				
At beginning of year	179	861	29	1,069
Charge for year	16	83	13	112
Retirement	-	(133)	-	(133)
Disposals	-	-	(18)	(18)
At end of year	195	811	24	1,030
<i>Net book values</i>				
At 31 March 2002	233	288	46	567
At 31 March 2003	217	284	27	528

Burco Dean Appliances LimitedNotes *(continued)***9 Stock**

	2003	2002
	£'000	£'000
Raw material and work in progress	1,424	1,503
Finished goods	1,823	1,512
	<hr/>	<hr/>
	3,247	3,015
	<hr/>	<hr/>

10 Debtors

	2003	2002
	£'000	£'000
Trade debtors	1,210	1,782
Amounts owed by other group undertakings	-	1,883
Prepayments and accrued income	78	109
	<hr/>	<hr/>
	1,288	3,774
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	2003	2002
	£'000	£'000
Obligations under finance leases	12	18
Trade and other creditors	784	1,430
Social security and PAYE	49	81
Accruals and deferred income	155	126
Amounts due to other group companies	1,892	3,723
	<hr/>	<hr/>
	2,892	5,378
	<hr/>	<hr/>

Burco Dean Appliances LimitedNotes *(continued)***12 Creditors:** amounts falling due after more than one year

	2003	2002
	£'000	£'000
Obligations under finance leases	19	32
	<hr/>	<hr/>

Obligations under finance leases fall due as follows:

	2003	2002
	£'000	£'000
Amounts payable		
- within one year	12	18
- between two and five years	19	32
	<hr/>	<hr/>
	31	50
	<hr/>	<hr/>

13 Provision for liabilities and charges

	2003	2002
	£'000	£'000
<i>Deferred tax:</i>		
Opening – 1 April 2002	-	-
Charge for the year (note 6)	9	-
	<hr/>	<hr/>
Closing – 31 March 2003	9	-
	<hr/>	<hr/>

The deferred tax liability relates to accelerated capital allowances.

14 Called up share capital

	2003	2002
	£	£
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

Burco Dean Appliances LimitedNotes *(continued)*

15 Reconciliation of movement in equity shareholders' funds	2003	2002
	£'000	£'000
Opening shareholders' funds	2,298	1,981
Profit for the financial year	333	317
Dividends	(300)	-
	<hr/>	<hr/>
	2,331	2,298
	<hr/>	<hr/>

16 Guarantees and other financial commitments*a) Capital commitments*

	2003	2002
	£'000	£'000
Authorised but not contracted for	7	30
	<hr/>	<hr/>
Contracted for but not provided for	-	-
	<hr/>	<hr/>

b) Guarantees

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

Burco Dean Appliances Limited

Notes *(continued)*

17 Pension arrangements

Certain company employees are members of either an externally funded defined benefit scheme or one of the company's defined contribution pension schemes.

The total pension expense for the year was £133,000 (2002 : £118,000). No significant amounts are due to the pension schemes at 31 March 2003.

The company has continued to account for pensions in accordance with the Accounting Standard SSAP 24 and the disclosures given in (a) are those required by that standard. The new accounting standard on pensions, FRS 17 *Retirement Benefits*, was issued in November 2000 but will not be fully applicable until the year ending 31 March 2006. The transitional disclosures required under the new standard, to the extent not given in (a), are set out in (b).

- (a) The company participates in a group defined benefit pension scheme operated by Glen Electric Limited. This scheme is independently funded and the assets are vested in independent trustees for the benefit of members and their dependents. The contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals.

The latest actuarial valuation of the scheme was at 6 April 2001 and used the projected unit method. The principal actuarial assumptions used was that the rate of long term investment returns will exceed the rate of pensionable salary increases by 2%.

The actuarial report, which is not available for public inspection showed that at that date the market value of the scheme's assets was £25.6 million which on an actuarial basis represented a funding level of 106%.

The charge to the company for this scheme amounted to £87,000 (2002 : £78,000). The pension charge for payments to defined contribution schemes for the year was £46,000 (2002 : £40,000).

- (b) Due to the fact that several group companies contribute to this scheme the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Accordingly, as permitted by FRS 17, the scheme will be accounted for by the company, when the accounting standard is fully adopted, as if it was a defined contribution scheme.

The valuation of the defined benefit scheme used for the purpose of FRS 17 disclosures have been based on the most recent actuarial valuation as updated by independent actuaries to take account of the requirements of FRS 17 in order to assess the liabilities as at 31 March 2003. Scheme assets are stated at their market value at the balance sheet date.

Burco Dean Appliances LimitedNotes *(continued)***17 Pension arrangements *(continued)***

The financial assumptions used for the actuarial valuation were:

	2003	2002
	%	%
Rate of increase of pensions in payment	2.5	2.5
Rate of increase in salaries	4.0	4.0
Discount rate	5.25	5.75
Inflation rate	2.5	2.5

The expected long-term rate of returns and market values of the assets of the group scheme at 31 March 2003 are as follows

	Long-term rate of return expected %	Value at 31 March 2003 £'000	Long term rate of return expected %	Value at 31 March 2002 £'000
Equities	6.5	14,533	7.0	21,286
Bonds	5.0	2,311	5.0	2,595
Other	3.0	351	4.0	636
Total market value of assets		17,195		24,517
Present value of scheme liabilities		(32,643)		(27,796)
Deficit in the scheme		(15,448)		(3,279)
Related deferred tax asset		4,634		984
Net pension liability		(10,814)		(2,295)

The contribution rate for the year ended 31 March 2003 was 19.5% of pensionable earnings and it is intended to maintain contributions at these levels into the future. Employees of the company represents c.11% of the total employees entitled to benefit under the scheme.

Burco Dean Appliances Limited

Notes *(continued)*

18 Related party transactions

As a subsidiary undertaking of Glen Dimplex, the company has taken advantage of the exemption in Financial Reporting Standard No 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.

20 Approval of financial statements

The financial statements were approved by the directors on 16 December 2003.