

Burco Dean Appliances Limited

Accounts 31 March 1997

together with directors' and auditors' reports

Registered number: 1870098



Directors' report

For the year ended 31 March 1997

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 1997.

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.

The directors expect the profitability of the company to improve next year.

Results and dividends

The company's profit for the year after taxation was £440,788 (1996: £29,617).

No dividend is proposed.

Directors and their interests

The directors who served during the year were as follows:

M. Naughton (Chairman)
L. Quinn
S. O'Driscoll
R. Colquitt
W.E. Hall (resigned 15 November 1996)

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.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities (continued)

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.

Auditors

A resolution to reappoint Arthur Andersen as auditors for the ensuing year will be placed before the Annual General Meeting.

Waterside Mill
Rosegrove
Burnley
Lancashire
BB12 6AL

By order of the Board

A handwritten signature in black ink, appearing to read 'M. Naughton', is written over a light blue horizontal line.

M. Naughton
Chairman

17 September 1997

Auditors' report

Leeds

To the Shareholders of Burco Dean Appliances Limited:

We have audited the accounts on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

St. Paul's House
Park Square
Leeds LS1 2PJ

17 September 1997

Profit and loss account

For the year ended 31 March 1997

	Note	1997 £	1996 £
Turnover	3	9,874,932	8,935,405
Cost of sales		(7,783,134)	(7,370,315)
Gross profit		<u>2,091,798</u>	<u>1,565,090</u>
Other operating expenses (net)	4	(1,401,962)	(1,522,889)
Operating profit		<u>689,836</u>	<u>42,201</u>
Interest receivable		628	4,277
Interest payable and similar charges	5	(15,310)	(18,015)
Profit on ordinary activities before taxation	6	<u>675,154</u>	<u>28,463</u>
Tax on profit on ordinary activities	8	(234,366)	1,154
Profit for the financial year		<u>440,788</u>	<u>29,617</u>
Retained profit, beginning of year		<u>2,116,817</u>	<u>2,087,200</u>
Retained profit, end of year		<u>2,557,605</u>	<u>2,116,817</u>

All of the turnover and operating profit for both 1996 and 1997 have been derived from continuing operations.

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 1996 and 31 March 1997 shown above.

Balance sheet

31 March 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	9	550,638	444,348
Current assets			
Stocks	10	2,336,181	2,679,660
Debtors	11	2,767,958	2,473,246
Cash at bank and in hand		223,596	377,030
		<u>5,327,735</u>	<u>5,529,936</u>
Creditors: Amounts falling due within one year	12	<u>(1,824,345)</u>	<u>(2,314,590)</u>
Net current assets		<u>3,503,390</u>	<u>3,215,346</u>
Total assets less current liabilities		<u>4,054,028</u>	<u>3,659,694</u>
Creditors: Amounts falling due after more than one year	13	<u>(13,735)</u>	<u>(60,189)</u>
Net assets		<u>4,040,293</u>	<u>3,599,505</u>
Capital and reserves			
Called-up share capital	14	2	2
Capital contribution	15	1,482,686	1,482,686
Profit and loss account	15	2,557,605	2,116,817
Equity shareholders' funds	16	<u>4,040,293</u>	<u>3,599,505</u>

Signed on behalf of the Board

M. Naughton

Director

S. O'Driscoll

Director

17 September 1997

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

Notes to accounts

31 March 1997

1 Accounting policies

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

a) *Basis of accounting*

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

b) *Design and development*

Design 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) *Stocks*

Stocks are stated at the lower of first-in, first-out cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials and bought in finished goods	purchase cost on a first-in, first-out basis, including transport costs.
Work in progress and manufactured finished goods	cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

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.

Notes to accounts (continued)

1 Accounting policies (continued)

e) *Turnover*

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

f) *Taxation*

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

Deferred taxation is calculated on the liability method and is provided only to the extent that it is probable, in the opinion of the directors, that such liabilities will become payable in the foreseeable future.

g) *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.

h) *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.

i) *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. Independent actuarial valuations on a going concern basis are carried out every three years. The amount charged to the profit and loss account (the regular pension cost) in respect of the scheme is calculated so as to produce a substantially level percentage of the present and future pensionable payroll. Variations from regular cost are allocated to the profit and loss account on a prudent basis over a period not exceeding employees' average remaining service lives. Any difference between the amounts charged to the profit and loss account and the amounts paid to the pension scheme is shown in the balance sheet as an asset or liability.

Notes to accounts (continued)

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) 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:

	1997 £	1996 £
United Kingdom	8,117,585	7,964,888
Europe	1,129,595	831,334
Rest of the world	627,752	139,183
	<u>9,874,932</u>	<u>8,935,405</u>

4 Other operating expenses (net)

	1997 £	1996 £
Distribution costs	234,651	240,226
Selling and marketing costs	509,940	486,743
Design and development costs	95,615	265,343
Administrative expenses	566,147	524,557
(Gain) loss on disposal of tangible fixed assets	(4,391)	6,020
	<u>1,401,962</u>	<u>1,522,889</u>

5 Interest payable and similar charges

	1997 £	1996 £
On finance leases	<u>15,310</u>	<u>18,015</u>

Notes to accounts (continued)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1997	1996
	<i>£</i>	<i>£</i>
Depreciation of tangible fixed assets: owned	72,112	195,126
leased	27,608	28,049
Auditors' remuneration	12,000	12,000
Staff costs (note 7)	2,230,194	2,278,203

Auditors' remuneration consists of audit fees in both the current and prior year. The auditors received no other remuneration during the year (1996: £nil).

7 Staff costs

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

	1997 £	1996 £
Employee costs during the year amounted to:		
Wages and salaries	1,949,870	1,987,502
Social security costs	182,370	173,635
Pensions	97,954	117,066
	<u>2,230,194</u>	<u>2,278,203</u>

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

	1997 Number	1996 Number
Production	161	153
Distribution and sales	9	14
Design and development	7	9
Administration	8	10
	<hr/> 185	<hr/> 186

Notes to accounts (continued)

7 Staff costs (continued)

Directors' remuneration:

	1997 £	1996 £
Emoluments	<u>60,281</u>	<u>86,508</u>
Compensation for loss of office	<u>-</u>	<u>56,875</u>

Pensions:

The compensation for loss of office in 1996 included £16,875 in respect of a pension augmentation. No such payments were made during the current year.

1 director was a member of the group's defined benefit scheme (1996: 1).

8 Tax on profit on ordinary activities

The tax charge (credit) is based on the profit for the year and comprises:

	1997 £	1996 £
Corporation tax at 33%	215,000	-
Adjustment in respect of prior years	<u>19,366</u>	<u>(1,154)</u>
	<u>234,366</u>	<u>(1,154)</u>

There was no unprovided deferred tax at 31 March 1997 (1996: £nil).

Notes to accounts (continued)

9 Tangible fixed assets

The movement in the year was as follows:

	Freehold land and buildings £	Plant and equipment £	Leased motor vehicles £	Total £
Cost				
Beginning of year	234,735	830,133	116,991	1,181,859
Additions	146,511	96,298	-	242,809
Disposals/retirements	-	(100,105)	(62,503)	(162,608)
End of year	<u>381,246</u>	<u>826,326</u>	<u>54,488</u>	<u>1,262,060</u>
Depreciation				
Beginning of year	89,539	622,109	25,863	737,511
Charge	9,951	62,161	27,608	99,720
Disposals/retirements	-	(93,815)	(31,994)	(125,809)
End of year	<u>99,490</u>	<u>590,455</u>	<u>21,477</u>	<u>711,422</u>
Net book value				
Beginning of year	<u>145,196</u>	<u>208,024</u>	<u>91,128</u>	<u>444,348</u>
End of year	<u>281,756</u>	<u>235,871</u>	<u>33,011</u>	<u>550,638</u>

10 Stocks

	1997 £	1996 £
Raw materials and work in progress	1,291,465	1,224,485
Finished goods	<u>1,044,716</u>	<u>1,455,175</u>
	<u>2,336,181</u>	<u>2,679,660</u>

Notes to accounts (continued)

11 Debtors

Amounts falling due within one year:

	1997 £	1996 £
Trade debtors	1,235,738	1,390,100
Amounts owed by other group undertakings	1,467,138	997,329
Prepayments and accrued income	65,082	28,422
Corporation tax recoverable	-	57,395
	<u>2,767,958</u>	<u>2,473,246</u>

12 Creditors: Amounts falling due within one year

	1997 £	1996 £
Obligations under finance leases	13,442	28,003
Trade creditors	1,146,840	938,913
Amounts owed to other group undertakings	232,709	1,016,085
Other creditors		
- social security and PAYE	41,558	51,579
UK corporation tax payable	204,651	-
Accruals and deferred income	185,145	280,010
	<u>1,824,345</u>	<u>2,314,590</u>

13 Creditors: Amounts falling due after more than one year

	1997 £	1996 £
Obligations under finance leases	<u>13,735</u>	<u>60,189</u>

Obligations under finance leases:

	1997 £	1996 £
Amounts payable		
- within one year	13,442	28,003
- between two and five years	13,735	60,189
	<u>27,177</u>	<u>88,192</u>

Notes to accounts (continued)

14 Called-up share capital

	1997 £	1996 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

15 Reserves

Of total reserves shown in the company's balance sheet, the following amounts are regarded as distributable or otherwise:

	1997 £	1996 £
Distributable		
- profit and loss account	2,557,605	2,116,817
Non-distributable		
- capital contribution	<u>1,482,686</u>	<u>1,482,686</u>
Total reserves	<u>4,040,291</u>	<u>3,599,503</u>

16 Reconciliation of movements in equity shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	3,599,505	3,569,888
Profit for the financial year	<u>440,788</u>	<u>29,617</u>
Closing shareholders' funds	<u>4,040,293</u>	<u>3,599,505</u>

17 Guarantees and other financial commitments

a) Capital commitments

	1997 £	1996 £
Contracted for but not provided for	<u>7,272</u>	<u>11,170</u>

Notes to accounts (continued)

17 Guarantees and other financial commitments (continued)

b) Guarantees

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

c) Pension arrangements

Certain of the company's employees are covered by defined benefit and defined contribution schemes.

Actuarial valuations on the principal defined benefit scheme, which is externally funded, are generally prepared every three years and contributions are made in accordance with the actuary's recommendations. The latest such valuation on the principal scheme was carried out as at 6 April 1994 using the attained age method. It showed that the scheme's assets existing at the valuation date were sufficient to fully cover its liabilities as at that date. The principal assumption used in the actuarial valuation was that the rate of investment return would exceed the rate of salary inflation by 1.5% per annum. Actuarial reports are not available for public inspection.

The pension expense for the year was £97,954 (1996: £117,066). There is no significant difference between the accumulated pension cost and the amounts funded.

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.