

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 1996

REGISTERED NUMBER

~~237742~~

2337742



SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

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SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**COMPANY INFORMATION
AS AT 31 DECEMBER 1996**

DIRECTORS

S Rennie (Chairman)
D A Templeton
J L Templeton
S J Elliott
M Dowse
T G Fielding (appointed 20/11/96)

SECRETARY

New Sheldon Limited

REGISTERED OFFICE

Headland House
New Coventry Road
Sheldon
Birmingham
B26 3AZ

BUSINESS ADDRESS

Bedford House
Rutherford Close
Stevenage
Herts

AUDITORS

Mercer & Hole
Chartered Accountants
72 London Road
St Albans
Herts
AL1 1NS

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 December 1996.

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 as at the end of the financial year 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;
- comply with applicable Accounting Standards, 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 maintaining 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 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.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were that of the sale and servicing of catering equipment.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £8,223.

The directors consider the results achieved on ordinary activities to be satisfactory in the light of current trading conditions. The financial position at the Balance Sheet date was also satisfactory.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in the financial year subsequent to the financial year ended 31 December 1996.

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

The directors do not anticipate that there will be any fundamental change in the development of the Company's business during the coming year.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1996	1995
S Rennie (Chairman)	Ordinary Shares	-	-
D A Templeton	Ordinary shares	385,000	385,000
	Preference shares	-	75,000
J L Templeton	Ordinary shares	385,000	385,000
	Preference shares	-	75,000
S J Elliott	Ordinary shares	100,000	100,000
M Dowse	Ordinary shares	100,000	100,000
T G Fielding (appointed 20/11/96)	Ordinary shares	-	-

The interests of the directors in the shares of Glynwed International plc are as follows

		Number of Shares	
		1996	1995
Ordinary shares of 25p each			
S Rennie		1,475	1,475
T G Fielding		1,475	1,475

		No of Options Granted/(Exercised)	
		1996	1995
Senior Executive Options			
S Rennie (Option price 200p)	-	(14,000)	14,000
T G Fielding (Option price 200p)	15,000		15,000

The options must be exercised during the seven years to September 2002
Market price of 14,000 options at exercise date was 370p.

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

DIRECTORS' REPORT

Savings Related Options	No of Options Granted/(Exercised)	
	1996	1995
S Rennie (a) (Option price 182p)	4,120	4,120
(b) (Option price 243p)	4,259	4,259
T G Fielding(a)(Option price 182p)	4,120	4,120
(b) (Option price 243p)	2,839	2,839
(c) (Option price 268p)	1,287	1,287

The options with an option price of 182p must be exercised within the six months to November 1997.

The options with an exercise price of 243p must be exercised in the six months to December 2000.

The options with an exercise price of 268p must be exercised in the six months to 31 May 2002.

Directors retired during the year:
R H Mitchell (resigned 20/11/96)

AUDITORS

The auditors, Mercer & Hole, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the board:



D A Templeton
Director

7 March 1997

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

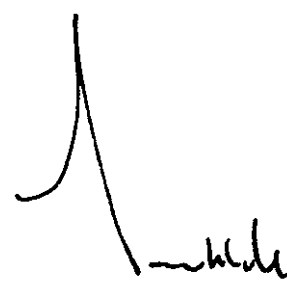
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 as to whether 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 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Mercer & Hole
Chartered Accountants
Registered Auditors
St Albans**



8 March 1997

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996**

	Notes	1996 £	1995 £
TURNOVER		4,882,416	2,834,540
Cost of sales		3,412,126	1,911,569
GROSS PROFIT		1,470,290	922,971
Distribution costs		265,631	206,384
Administrative expenses		1,168,707	726,433
OPERATING PROFIT	2	35,952	(9,846)
Investment income and interest receivable	3	-	867
Interest payable and similar charges	4	(40,190)	(19,299)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,238)	(28,278)
Tax on loss on ordinary activities	6	(3,985)	3,573
LOSS FOR THE FINANCIAL YEAR		(8,223)	(24,705)
Dividends	7	-	(1,997)
ACCUMULATED LOSS FOR THE FINANCIAL YEAR		(8,223)	(26,702)
Accumulated losses brought forward	15	(57,164)	(30,462)
ACCUMULATED LOSSES CARRIED FORWARD		<u>(65,387)</u>	<u>(57,164)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 17 form part of these financial statements.

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	8		425,377		356,641
CURRENT ASSETS					
Stocks	9	465,355		385,912	
Debtors	10	798,508		833,407	
		1,263,863		1,219,319	
CREDITORS: amounts falling due within one year	11	(1,495,406)		(1,215,010)	
NET CURRENT LIABILITIES			(231,543)		4,309
TOTAL ASSETS LESS CURRENT LIABILITIES			193,834		360,950
CREDITORS: amounts falling due after more than one year	12		(59,221)		(68,114)
NET ASSETS			134,613		292,836
CAPITAL AND RESERVES					
Called up share capital	14		200,000		350,000
Profit and loss account	15		(65,387)		(57,164)
TOTAL SHAREHOLDERS' FUNDS	16		134,613		292,836

The financial statements were approved by the board of directors on 7 March 1997 and signed on its behalf by:

S Rennie (Chairman)

)

)

Directors

D A Templeton

)

David A. Templeton

The notes on pages 8 to 17 form part of these financial statements.

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

(a) Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

(b) Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year to UK customers.

Invoiced sales are adjusted for contract renewals not taken up at the balance sheet date and also for income on maintenance contracts where income is spread on a straight line basis over the period of the contract.

The turnover and loss before taxation are attributable to the one principal activity of the company during the period.

(c) Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Leasehold improvements	Over term of lease
Plant and machinery	15% on cost
Motor vehicles	25% on cost
Equipment, fixtures and tools	10% - 33.3% on cost

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

(e) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

2. OPERATING LOSS

Operating loss is stated:

	1996 £	1995 £
After charging:		
Depreciation of fixed assets	216,646	104,177
Auditors' remuneration	4,450	3,600
Operating lease rentals		
Land and buildings	<u>57,169</u>	<u>32,500</u>

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1996 £	1995 £
Interest received and receivable		
Bank interest	<u>-</u>	<u>867</u>

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
	£	£
On amounts payable to group undertakings	18,378	-
On bank loans and overdrafts	590	2,695
Lease finance charges and hire purchase interest	21,222	10,776
Other interest	-	5,828
	<u>40,190</u>	<u>19,299</u>

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1996	1995
	£	£
Staff costs		
Wages and salaries	2,453,833	1,371,859
Social security costs	238,169	132,946
	<u>2,692,002</u>	<u>1,504,805</u>

	1996	1995
	No.	No.
The average number of employees during the year was made up as follows:		
Number of employees - Administration	43	38
Number of employees - Selling	4	5
Number of employees - Servicing	76	60
	<u>123</u>	<u>103</u>

	1996	1995
	£	£
Directors' emoluments		
Remuneration for management services (including pension contributions)	<u>241,420</u>	<u>126,000</u>

The division of directors' emoluments excluding pension contributions are as follows:

Remuneration of chairman	Nil	Nil
Remuneration of highest paid director	<u>68,563</u>	<u>45,000</u>

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996****5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

Other directors' remuneration fell within the following ranges:

	1996 No.	1995 No.
Up to £5,000	1	1
£10,001 - £15,000	-	1
£30,001 - £35,000	-	2
£50,001 - £55,000	1	-
£55,001 - £60,000	1	-
£60,001 - £65,000	1	-

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	1996 £	1995 £
UK corporation tax at 24% (1995 - 25%)	3,985	(3,573)

7. DIVIDENDS PAID OR PROPOSED

	1996 £	1995 £
On preference shares:		
Final dividend proposed	-	1,997

8. TANGIBLE FIXED ASSETS

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

8. TANGIBLE FIXED ASSETS - (continued)

	Plant and machinery	Computer equipment	Motor vehicles	Leasehold improvements	Total
	£	£	£	£	£
At 1 Jan. 96	25,820	90,075	466,800	23,501	606,196
Additions	1,776	8,605	289,625	-	300,006
Disposals	-	-	(82,902)	-	(82,902)
At 31 Dec. 96	27,596	98,680	673,523	23,501	823,300
Depreciation:					
At 1 Jan. 96	9,482	55,128	179,394	5,551	249,555
Charge for year	4,869	20,424	186,553	4,800	216,646
On disposals	-	-	(68,278)	-	(68,278)
At 31 Dec. 96	14,351	75,552	297,669	10,351	397,923
Net book value:					
At 31 Dec. 96	13,245	23,128	375,854	13,150	425,377
At 31 Dec. 95	16,338	34,947	287,406	17,950	356,641

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1996 £	1995 £
Net book values:		
Motor vehicles	385,512	300,497
Depreciation charge for the year:		
Motor vehicles	189,987	71,427

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996****9. STOCKS**

	1996	1995
	£	£
Short term work in progress	132,586	89,600
Finished goods and goods for resale	332,769	296,312
	<u>465,355</u>	<u>385,912</u>

10. DEBTORS

	1996	1995
	£	£
Trade debtors	634,246	632,983
Amounts owed by group undertakings	116,949	35,350
Other debtors	14,075	160,961
Prepayments and accrued income	33,238	4,113
	<u>798,508</u>	<u>833,407</u>

11. CREDITORS: amounts falling due within one year

	1996	1995
	£	£
Bank loans and overdrafts	8,805	34,154
Net obligations under finance leases and hire purchase contracts	185,673	168,296
Trade creditors	219,073	150,271
Amounts owed to group undertakings	360,608	217,949
Corporation tax	3,985	794
Other taxes and social security costs	171,664	187,398
Other creditors	452,766	443,998
Accruals and deferred income	92,832	12,150
	<u>1,495,406</u>	<u>1,215,010</u>

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

12. CREDITORS: amounts falling due after more than one year

	1996	1995
	£	£
Net obligations under finance lease and hire purchase contracts	<u>59,221</u>	<u>68,114</u>

13. BORROWINGS

	1996	1995
	£	£
Up to one year and on demand	<u>8,805</u>	<u>34,154</u>

14. SHARE CAPITAL

	1996	1995
	£	£
Authorised:		
Equity interests:		
2,000,000 Ordinary shares of 10p each	200,000	200,000
Non-equity interests:		
150,000 12% cumulative preference shares of £1 each	<u>150,000</u>	<u>150,000</u>
	<u>350,000</u>	<u>350,000</u>
 Allotted, called up and fully paid:		
Equity interests:		
2,000,000 Ordinary shares of 10p each	200,000	200,000
Non-equity interests:		
150,000 12% cumulative preference shares of £1 each	<u>-</u>	<u>150,000</u>
	<u>200,000</u>	<u>350,000</u>

During the year 150,000, 12% redeemable preference shares were redeemed at par value of £1 per share in accordance with the written resolution of the company dated 27 November 1996.

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

15. PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
Accumulated losses at 1 January 1996	(57,164)	(30,462)
Loss for the year	(8,223)	(26,702)
Accumulated losses at 31 December 1996	<u>(65,387)</u>	<u>(57,164)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Loss for the financial year	(8,223)	(24,705)
Dividends	-	(1,997)
Preference shares redeemed	(150,000)	-
Net reduction to shareholders' funds	(158,223)	(26,702)
Opening shareholders' funds	292,836	319,538
Closing shareholders' funds	<u>134,613</u>	<u>292,836</u>
Represented by:-		
Equity interests	134,613	142,836
Non-equity interests	-	150,000
	<u>134,613</u>	<u>292,836</u>

17. REVENUE COMMITMENTS

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1996 £	1995 £	1996 £	1995 £
More than one year and less than five years	<u>69,345</u>	<u>55,267</u>	<u>-</u>	<u>9,600</u>

SERVICE LINE, CATERING EQUIPMENT ENGINEERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

18. ULTIMATE PARENT COMPANY

The ultimate parent company is Glynwed International plc, a company incorporated in England and Wales.