

100

NI 9677

Glen Electric Limited

Consolidated Financial Statements - 31 March 2000
Together with Directors' and Auditors' Reports



Glen Electric Limited

Table of Contents – 2000 Annual Report

	Page
Directors' Report	1 - 3
Auditors' Report	4
Consolidated Profit and Loss Account	5
Consolidated Statement of Total Recognised Gains and Losses	6
Consolidated Balance Sheet	7
Consolidated Cash Flow Statement	8
Statement of Accounting Policies	9 - 10
Notes to the Consolidated Financial Statements	11 - 22
Company Balance Sheet	23
Principal Group Members	24 - 25
Corporate Information	26

Glen Electric Limited

Directors' Report for the Year Ended 31 March 2000

The Directors present their annual report on the affairs of the Group together with the financial statements and auditors' report for the year ended 31 March, 2000.

Principal Activities and Group Results

The principal activity of the Group is the manufacture and sale of heating, cooking and other domestic appliances. Group turnover for the year amounted to £434.2 million (1999 - £416.1 million). The Group's profit on ordinary activities before taxation amounted to £31.7 million (1999 - £24.3 million).

During the year the Group acquired the trade and assets of EWT, a German distributor of electric heating appliances. This enabled the Group to increase its market share and add new products to its range.

Dividends and State of Affairs at 31 March, 2000

Dividends of £54.4 million (1999 - £5.2 million) were paid during the year. No further dividends or transfers to reserves are recommended by the Directors. Shareholders' funds at 31 March, 2000 amounted to £19.9 million (1999 - £56.0 million).

Future Developments

It is the intention of the Directors to continue to develop the principal activities of the Group and to identify areas with further growth potential.

Research and Development

The Group is engaged in ongoing research and development work in order to improve its product range and to increase its market share.

Subsequent Event

No significant events occurred subsequent to 31 March, 2000 that had a material effect on the financial statements.

Directors and their Interests

The Directors who served during the year were:

S. O'Driscoll (Chairman)
B. McLornan (Managing)
M. Burns
B. McGovern
A. Nevin
A. Purton
R. Warren
J. Wilson (resigned 7 August 2000)

None of the Directors held any interest in the Company during the year.

S. O'Driscoll holds 16,600 shares in Glen Electric Holdings GmbH. These shares, whilst having certain profit rights, have no voting rights and can be redeemed at par.

Other than as set out above, there have been no contracts or arrangements entered into during the year in which a Director was materially interested and which were significant in relation to the Group's business.

Fixed Assets

Information relating to changes in tangible fixed assets is given in Note 7 to the financial statements.

Subsidiary Companies

The information required by the Companies (Northern Ireland) Order, 1986 in relation to subsidiary companies is given on pages 24 and 25.

Charitable and Political Contributions

The Group made no significant charitable and no political contributions during the year.

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.

Employee Consultation

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

Health and Safety at Work

The Group maintains a strong commitment to safe systems of work and safety training for its employees.

Euro and Year 2000

No significant matters have arisen to date in relation to the Year 2000 issue, and the directors do not consider that any related matters are likely to arise. The cost of ensuring Year 2000 compliance was not significant.

The directors are continuing to consider the implications of the Euro in relation to the business and operations of the Group and are confident that no significant costs are likely to result.

Directors' Responsibility Statement

Company law requires the Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group and which enable them to ensure that the financial statements comply with company legislation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Arthur Andersen offer themselves for re-appointment in accordance with Article 392(1) of the Companies (Northern Ireland) Order, 1986.

By order of the board:


B. McLORNAN

Secretary

14 December, 2000

Auditors' Report to the Members of Glen Electric Limited:

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 3, the Directors are responsible for the preparation of 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.

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 Group'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 affairs of the Company and the Group at 31 March, 2000 and of the profit, cash flows and total recognised gains and losses of the Group for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order, 1986.



Chartered Accountants and Registered Auditor
Dublin

14 December, 2000

Glen Electric Limited
Consolidated Profit and Loss Account
For The Year Ended 31 March 2000

	Notes	2000 £000	1999 £000
Turnover			
Continuing operations		412,501	398,490
Acquisitions		21,736	17,596
		-----	-----
	1	434,237	416,086
Cost of sales	2	(309,285)	(307,633)
		-----	-----
Gross profit		124,952	108,453
Operating expenses, net	2	(85,289)	(76,803)
		-----	-----
Operating profit			
Continuing operations		39,129	31,170
Acquisitions		534	480
		-----	-----
		39,663	31,650
Interest receivable and similar income		975	406
Interest payable and similar charges	3	(8,969)	(7,804)
		-----	-----
Profit on ordinary activities before taxation	4	31,669	24,252
		-----	-----
Tax on profit on ordinary activities			
Ongoing	5	(9,060)	(8,444)
Exceptional	5	-	(8,959)
		-----	-----
		(9,060)	(17,403)
		-----	-----
Profit on ordinary activities after taxation		22,609	6,849
Minority interests	18	(2,996)	(2,564)
		-----	-----
Profit for the financial year		19,613	4,285
Dividends	6	(54,422)	(5,241)
		-----	-----
Loss retained for the year		(34,809)	(956)
		=====	=====

The accompanying notes and statement of accounting policies form an integral part of this profit and loss account.


B. McLORNAN

DIRECTOR


S. O'DRISCOLL

DIRECTOR

Approved by the Directors on 14 December, 2000


Glen Electric Limited**Consolidated Statement of Total Recognised Gains and Losses
For The Year Ended 31 March 2000**

	2000 £000	1999 £000
Loss retained for the year	(34,809)	(956)
Foreign currency translation adjustments	(1,372)	1,067
Total recognised (losses)/gains for the year	(36,181)	111
Profit and Loss Account, start of year	55,434	55,323
Profit and Loss Account, end of year	19,253	55,434

The accompanying notes and statement of accounting policies form an integral part of this statement.


S. O'DRISCOLL

DIRECTOR


B. McLORNAN

DIRECTOR

Approved by the Directors on 14 December, 2000.

Glen Electric Limited
Consolidated Balance Sheet - 31 March 2000

	Notes	2000 £000	1999 £000
Fixed Assets			
Tangible assets	7	48,400	51,892
Financial assets	8	4,091	2,570
Intangible assets	9	3,217	840
		-----	-----
		55,708	55,302
		-----	-----
Current Assets			
Stocks	10	72,521	73,131
Debtors	11	96,033	94,572
Cash at bank and in hand		24,349	36,460
		-----	-----
		192,903	204,163
Creditors: Amounts falling due within one year	12	(145,117)	(140,899)
		-----	-----
Net Current Assets		47,786	63,264
		-----	-----
Total Assets Less Current Liabilities		103,494	118,566
		-----	-----
Creditors: Amounts falling due after more than one year	13	(4,340)	(2,287)
		-----	-----
Deferred Grants	14	(3,413)	(3,653)
		-----	-----
Net Assets		95,741	112,626
		=====	=====
Capital and Reserves			
Called up share capital	15	603	603
Profit and loss account		19,253	55,434
		-----	-----
Shareholders' Funds – equity interests only	16	19,856	56,037
		-----	-----
Shareholders' Loans	17	54,539	34,107
		-----	-----
Minority Interests	18	21,346	22,482
		-----	-----
		95,741	112,626
		=====	=====

The accompanying notes and statement of accounting policies form an integral part of this balance sheet.


S. O'DRISCOLL

DIRECTOR


B. McLORNAN

DIRECTOR

Approved by the Directors on *14 December*, 2000.

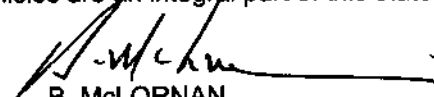
Glen Electric Limited
Consolidated Cashflow Statement
For The Year Ended 31 March 2000

	Notes	2000 £000	1999 £000
Net Cash Inflow from Operating Activities	23(a)	57,228	36,640
Returns on Investments and Servicing of Finance	23(b)	(7,994)	(7,398)
Taxation	23(b)	(9,166)	(5,460)
Capital Expenditure and Financial Investment	23(b)	(8,615)	(11,201)
Acquisitions	23(b)	(10,506)	(7,495)
Dividends Paid		(54,422)	(5,241)
Net Cash Outflow before financing		(33,475)	(155)
Shareholders' loans received	23(b)	20,432	-
Increase in (repayment of) borrowings	23(b)	932	(13,989)
Decrease in cash	23(c)	(12,111)	(14,144)
		=====	=====
Reconciliation of net cash flow to movement in net funds:			
Movement in cash, net		(12,111)	(14,144)
(Increase in) repayment of borrowings		(932)	13,989
		-----	-----
Decrease in net funds		(13,043)	(155)
Opening net funds		(6,429)	(6,274)
		-----	-----
Closing net funds		(19,472)	(6,429)
		=====	=====

The accompanying notes and statement of accounting policies are an integral part of this statement.


S. O'DRISCOLL

DIRECTOR


B. McLORNAN

DIRECTOR

Approved by the Directors on *14 December*, 2000.

Glen Electric Limited

Statement of Accounting Policies

This statement sets out the principal accounting policies adopted by the Group in preparing its financial statements under the historical cost convention. All of these policies have been applied consistently throughout the year and the preceding year.

A. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries; all intercompany transactions and balances have been eliminated in their preparation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

B. Intangible Fixed Assets – Goodwill

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.

Goodwill arising on acquisitions prior to 1 April, 1998 was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard, the goodwill previously written off to reserves has not been reinstated in the balance sheet.

C. Tangible Fixed Assets

Tangible fixed assets are stated at original cost, net of accumulated depreciation.

Depreciation is provided on all tangible fixed assets, except freehold land, 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. The useful lives currently used are as follows:

	<u>Years</u>
Buildings	25
Plant and Machinery	5-10
Tooling	4
Computers and office equipment	3-10
Motor vehicles	4
	====

D. Grants

Grants are deferred and amortised to the profit and loss account on the same basis as the related assets are depreciated. Other grants, principally training and research and development, are credited to the related expense in the profit and loss account.

E. Financial Fixed Assets

Interests in subsidiary undertakings are stated in the Company balance sheet at cost less, where necessary, provisions for any permanent diminution in value.

Other financial fixed assets are stated at cost less, where necessary, provisions for any permanent diminution in value. Investment income on these investments is credited as earned.

F. 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 overhead. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

G. Taxation

UK and overseas taxation payable is provided on taxable profits at current rates. Deferred taxation is provided using the liability method on timing differences which will probably reverse at the rates of tax likely to be in force at the time of reversal.

H. Turnover

Turnover represents the invoiced amount of goods shipped to customers, less VAT, returns and allowances.

I. Foreign Currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction or, where appropriate, at the rates of exchange in related forward exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the balance sheet date or, where appropriate, the rates of exchange in related forward exchange contracts. Gains and losses arising from changes in exchange rates subsequent to the dates of transactions are included in the profit and loss account. For the purposes of consolidation of subsidiaries, the closing rate method is used, under which translation gains or losses are shown as movements on reserves. Profit and loss accounts of overseas subsidiaries are translated at average exchange rates.

J. Pension Costs

The Group provides pensions to certain of its employees through a variety of separately administered defined benefit and defined contribution schemes.

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, 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 costs 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 contributions 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.

Glen Electric Limited

Notes to the Consolidated Financial Statements – 31 March 2000

1. Turnover

All sales are of heating, cooking and other domestic appliances. Sales by geographical area are as follows:

	2000	1999
	£000	£000
Europe	404,454	386,640
North America	20,189	15,953
Rest of the World	9,594	13,493
	-----	-----
	434,237	416,086
	=====	=====

Segmental disclosures of turnover by source, profit before taxation and net assets by geographical area are not provided as, in the opinion of the Directors, such information would be prejudicial to the interests of the Group.

2. Operating Expenses, net

	2000	1999
	£000	£000
Administration expenses	23,523	23,591
Selling and distribution costs	54,291	48,752
Research and development costs, net of grants	6,510	4,239
Other expenses	965	221
	-----	-----
Operating expenses, net	85,289	76,803
	=====	=====

Operating expenses include the following amounts relating to acquisitions made during the year ended 31 March 2000 (Note 22): administration expenses - £0.9 million; selling and distribution expenses - £3.7 million; and research and development expenses - £0.6 million.

3. Interest Payable and Similar Charges

	2000	1999
	£000	£000
On bank loans, overdrafts and other loans, repayable within 5 years, otherwise than by installments	8,969	7,804
	=====	=====

4. Profit on Ordinary Activities before Taxation

	2000	1999
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Directors' fees	-	-
Directors' emoluments for management services (excluding pension contributions)	716	704
Auditors' remuneration - audit	315	410
- other services	40	45
Operating lease rentals:		
Plant and machinery	174	249
Other	1,603	1,793
	=====	=====

The Company has taken advantage of the exemption in the Companies (Northern Ireland) Order 1986, Section 236, and accordingly does not present its own profit and loss account.

5. Tax on Profit on Ordinary Activities

	2000	1999
	£000	£000
U.K. Corporation tax at 30% (1999 – 31%)	5,747	3,323
Foreign taxation	3,313	5,121
	-----	-----
	9,060	8,444
Exceptional tax charge (i)	-	8,959
	-----	-----
	9,060	17,403
	=====	=====

- (i) In the previous year, retrospective tax legislation was passed in a foreign jurisdiction. The application of this legislation is not clear but it could potentially apply to the Group, and, where it does, the maximum tax cost to the Group would be £9.0 million. The Directors hold the view that there is an arguable case that the legislation may not apply to the Group, and they intend to defend the Group's interests in this matter. However in light of the existing uncertainties, provision was made for the maximum potential liability in the year ended 31 March, 1999.

There was no potential unprovided deferred taxation at 31 March, 2000 (1999 – Nil). No provision has been made for tax payable in relation to the distribution of retained profits of subsidiaries where it is not the Directors' intention to repatriate such profits in the foreseeable future.

6. Dividends

	2000	1999
	£000	£000
Dividends paid on ordinary shares	53,595	-
Dividends paid on shares in subsidiaries	827	5,241
	-----	-----
	54,422	5,241
	=====	=====

7. Tangible Fixed Assets - Group

Cost	Land & Buildings £000	Plant & Machinery £000	Tooling £000	Computers & Office Equipment £000	Motor Vehicles £000	Total £000
At 31 March, 1999	35,807	34,856	24,036	10,996	1,774	107,469
Additions	3,428	1,455	2,291	1,092	475	8,741
Acquisitions (Note 22)	54	220	1,432	152	25	1,883
Disposals/retirements	(6)	(3,513)	(3,997)	(512)	(546)	(8,574)
Translation adjustments	(285)	(1,947)	(1,407)	(593)	(34)	(4,266)
At 31 March, 2000	38,998	31,071	22,355	11,135	1,694	105,253
Depreciation						
At 31 March, 1999	12,035	21,422	13,480	7,575	1,065	55,577
Charge for the year	1,465	4,171	3,055	1,170	343	10,204
Disposals/retirements	(2)	(3,338)	(3,331)	(505)	(383)	(7,559)
Translation adjustments	(627)	(327)	(89)	(311)	(15)	(1,369)
At 31 March, 2000	12,871	21,928	13,115	7,929	1,010	56,853
Net Book Value						
31 March, 2000	26,127	9,143	9,240	3,206	684	48,400
31 March, 1999	23,772	13,434	10,556	3,421	709	51,892

7. Tangible Fixed Assets - Company

	Land & Buildings £000	Plant & Machinery £000	Tooling £000	Computers & Office Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 31 March, 1999	3,885	4,577	2,755	1,050	789	13,056
Additions	16	198	275	38	290	817
Disposals	-	-	-	-	(352)	(352)
At 31 March, 2000	3,901	4,775	3,030	1,088	727	13,521
Depreciation						
At 31 March, 1999	904	2,447	1,633	775	451	6,210
Charge for the year	183	502	489	97	175	1,446
Disposals	-	-	-	-	(260)	(260)
At 31 March, 2000	1,087	2,949	2,122	872	366	7,396
Net Book Value						
31 March, 2000	2,814	1,826	908	216	361	6,125
31 March, 1999	2,981	2,130	1,122	275	338	6,846

8. Financial Assets

Group

	Listed Investments
	£000
Balance, beginning of year	2,570
Additions	1,521

Balance, end of year	4,091
	=====

- (a) The market value of the Group's listed investments at 31 March, 2000 was £3.3 million. In the opinion of the Directors, no writedown in the carrying value of these investments is required.

Company	2000 £000	1999 £000
Investments in subsidiaries at cost:		
Balance, beginning of year	27,873	28,185
Additions	7	-
Translation adjustments	625	(312)
	-----	-----
Balance, end of year	28,505	27,873
	=====	=====

9. Intangible Fixed Assets – Goodwill

	2000 £000
Cost	
Balance, beginning of year	840
Additions, principally the acquisition of EWT (Note 22)	2,565
Translation adjustments	(23)

Balance, end of year	3,382

Amortisation	
Balance, beginning of year	-
Charge	(168)
Translation adjustments	3

Balance, end of year	(165)

Net book value	
31 March, 1999	840
	=====
31 March, 2000	3,217
	=====

10. Stocks

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Raw materials	16,092	17,355	642	449
Work in progress	4,638	5,191	696	552
Finished goods	51,791	50,585	4,297	3,936
	-----	-----	-----	-----
	72,521	73,131	5,635	4,937
	=====	=====	=====	=====

11. Debtors: Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade debtors	82,615	83,988	567	2,662
Government grants receivable	405	432	63	178
U.K. corporation tax prepaid	1,100	-	1,100	-
Other debtors and prepayments	11,913	10,152	234	180
	-----	-----	-----	-----
	96,033	94,572	1,964	3,020
	=====	=====	=====	=====

12. Creditors: Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Bank loans and overdrafts (Note 13)	39,481	40,602	16,981	12,500
Trade creditors	43,520	44,347	1,517	3,163
Amounts owed to subsidiaries	-	-	3,145	25,858
Amounts owed to other group Companies	8,691	4,867	9,012	780
Taxation creditors				
- U.K. corporation tax	5,449	3,298	600	331
- VAT	3,315	3,094	2,563	2,389
- Social security and PAYE	6,171	6,680	126	123
- Foreign taxation	9,303	9,715	-	-
Accruals and other creditors	29,187	28,296	1,748	2,076
	-----	-----	-----	-----
	145,117	140,899	35,692	47,220
	=====	=====	=====	=====

A provision in respect of expected warranty claims on products sold during the financial years is included above. The amount of this provision is not disclosed as, in the opinion of the Directors, this disclosure would be prejudicial to the interests of the Group.

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

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Bank loans and overdrafts, all due for repayment between two and five years	4,340	2,287	4,340	2,287
	=====	=====	=====	=====

The Group has multi-currency loan facilities approximating £63.6 million. Drawdowns under these facilities bear interest at variable commercial rates and are secured by debentures over the principal U.K. assets of the Group.

14. Deferred Grants

	Group			Company		
	Gross	Amortisation	Net	Gross	Amortisation	Net
	£000	£000	£000	£000	£000	£000
Balance, start of year	8,780	(5,127)	3,653	2,235	(1,106)	1,129
Additions	583	-	583	-	-	-
Disposals	(1,802)	1,802	-	-	-	-
Amortisation	-	(823)	(823)	-	(219)	(219)
	-----	-----	-----	-----	-----	-----
Balance, end of year	7,561	(4,148)	3,413	2,235	(1,325)	910
	=====	=====	=====	=====	=====	=====

15. Called Up Share Capital

	Authorised Number	Issued and fully paid	
		2000	1999
		£	£
£1 1% preference shares	67,000	67,000	67,000
5p ordinary shares	10,720,000	536,000	536,000
	=====	-----	-----
		603,000	603,000
		=====	=====

The Company is a wholly-owned subsidiary of Glen Dimplex, a Republic of Ireland company. The preference dividends were waived for 2000 and 1999.

16. Reconciliation of Movement on Shareholders' Funds

	Group	Company
	£000	£000
Balance, beginning of year	56,037	12,749
Profit for the financial year	19,613	1,958
Translation adjustments	(1,372)	-
Dividends paid	(54,422)	(11,815)
	-----	-----
Balance, end of year	19,856	2,892
	=====	=====

17. Shareholders' Loans

These loans were advanced to a subsidiary of the Company by a fellow subsidiary of the Glen Dimplex group. They are interest bearing, have no fixed repayment terms and are subordinated to the bank loans secured on the Group's assets (Note 13).

18. Minority Interests

	2000 £000
Balance, start of year	22,482
Share of profits for the year	2,996
Dividends paid	(670)
Decrease in minority interest	(1,212)
Translation adjustments	(2,250)

Balance, end of year	21,346
	=====

Minority interests represent external shareholdings in Muller S.A. During the year the Group increased its shareholding in Muller S.A. from 49% to 51%.

19. Commitments and Contingencies

(a) Operating leases

The Group has commitments of £2.1 million under various operating leases in the year to 31 March, 2001. These rentals are payable on leases under which the final payments fall due as follows:

	Land and Buildings £000	Other £000	Total £000
Within one year	452	144	596
From two to five years	580	975	1,555
	-----	-----	-----
	1,032	1,119	2,151
	=====	=====	=====

(b) Capital commitments

Capital commitments are as follows:

	Group		Company	
	2000 £000	1999 £000	2000 £000	1999 £000
Authorised and contracted for	201	1,157	-	320
Authorised and not contracted for	2,347	1,088	-	-
	-----	-----	-----	-----
	2,548	2,245	-	320
	=====	=====	=====	=====

(c) Grants

Grants have been received from Government agencies in respect of expenditure on certain fixed assets and research and development. Grants have also been received in respect of employment. These grants are repayable in certain circumstances, principally the sale of grant aided assets, the discontinuance, in whole or in part, of certain operations or the failure to meet and maintain specified employment levels. The contingent liability existing at 31 March, 2000 was £3.1 million (1999 - £4.3 million) in the case of the Group and £1.6 million (1999 - £1.6 million) in the case of the Company. These contingencies expire at varying dates between 2000 and 2006.

19. Commitments and Contingencies (cont'd)

(d) Foreign Currency Contracts

Due to the nature of its business, the Group is exposed to the effects of the fluctuations in foreign currency exchange rates. In order to manage these exposures, the Group has entered into various hedging arrangements with commercial banks.

20. Particulars of Employees

The average number of persons employed by the Group (including Directors) during the year was:

	2000	1999
Production	2,982	3,054
Selling and distribution	502	629
Administration	474	649
	-----	-----
	3,958	4,332
	=====	=====

Their total remuneration was:

	2000	1999
	£000	£000
Wages and salaries	67,852	68,698
Social welfare costs	13,201	10,726
Pension costs (Note 21)	1,699	2,835
	-----	-----
	82,752	82,259
	=====	=====

21. Pension Arrangements

Certain of the Group's employees are covered by various defined benefit and defined contribution schemes. Regular actuarial valuations are carried out in respect of the two principal defined benefit schemes, which are externally funded, and contributions are made in accordance with the actuaries' recommendations. The most recent actuarial reports were based on valuations at September 1998 and October 1998 and they showed the schemes to have assets with a total market value of £22.7 million and funding levels of 107% and 93% respectively. The deficiency on an ongoing funding basis for the relevant scheme is being eliminated by increased employer contributions. Valuations were prepared using the attained age method and the principal assumption used in the valuations was that the rate of investment return would exceed the rate of salary inflation by 2.5% per annum. Actuarial reports are not available for public inspection.

The total pension expense for the year was £1.7 million (1999 - £2.8 million). No significant amounts are due to the pension schemes at 31 March, 2000.

22. Acquisitions

During the year the Group acquired the trade and assets of EWT Elektrogerate GmbH & Co. KG, a German distributor of electric heating appliances, for a consideration of £10.5 million.

The following table sets out the book values of the identifiable assets acquired, together with the fair value adjustments made by the Directors in arriving at their fair values to the Group:

	Book Value	Fair Value	Fair Value
	£000	Adjustments £000	£000
Tangible fixed assets	3,106	(1,223)	1,883
Stocks	4,211	27	4,238
Debtors	91	-	91
Deferred tax	-	1,729	1,729
	-----	-----	-----
	7,408	533	7,941
	=====	=====	
Goodwill (Note 9)			2,565

Purchase consideration, paid in cash			10,506
			=====

23. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2000	1999
	£000	£000
Operating profit	39,663	31,650
Depreciation of tangible fixed assets	10,203	9,214
Amortisation of government grants	(823)	(756)
(Profit) loss on sale of tangible fixed assets	(49)	473
Amortisation of goodwill	168	-
Foreign exchange	(2,586)	1,734
Decrease (increase) in stocks	4,848	2,868
(Increase) decrease in debtors	2,204	(11,492)
Increase (decrease) in creditors	(224)	2,668
Increase (decrease) in amounts owed to other group companies	3,824	281
	-----	-----
Net cash inflow from operating activities	57,228	36,640
	=====	=====

(b) Analysis of cash flows

	2000	1999
	£000	£000
<i>Returns on investments and servicing of finance:</i>		
Interest received	975	406
Interest paid	(8,969)	(7,804)
	-----	-----
Net cash outflow	(7,994)	(7,398)
	=====	=====
<i>Taxation:</i>		
Net cash outflow	(9,166)	(5,460)
	=====	=====
<i>Capital expenditure and financial investment:</i>		
Purchase of tangible fixed assets, net of disposals	(7,677)	(9,356)
Grants received	583	556
Purchase of quoted investments	(1,521)	(2,570)
Sale of associated company	-	169
	-----	-----
Net cash outflow	(8,615)	(11,201)
	=====	=====
<i>Acquisitions:</i>		
Acquisitions (net of cash and cash equivalents acquired)	(10,506)	(7,495)
	=====	=====
<i>Financing:</i>		
Shareholders' loans received	20,432	-
Increase in (repayment of) borrowings	932	(13,989)
	-----	-----
Net cash inflow (outflow)	21,364	(13,989)
	=====	=====

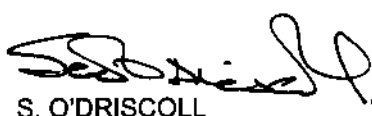
(c) **Analysis and reconciliation of net funds**

	31 March 1999 £000	Cash Flow £000	31 March 2000 £000
Cash at bank and in hand	36,460	(12,111)	24,349
Bank loans and overdrafts			
- due within one year	(40,602)	1,121	(39,481)
- due after more than one year	(2,287)	(2,053)	(4,340)
	-----	-----	-----
Net funds	(6,429)	(13,043)	(19,472)
	=====	=====	=====
		2000 £000	1999 £000
Decrease in cash		(12,111)	(14,144)
Cash (inflow) outflow from (increase in) repayment of bank loans and overdrafts		(932)	13,989
		-----	-----
Change in net funds resulting from cash flows		(13,043)	(155)
Opening net funds		(6,429)	(6,274)
		-----	-----
Closing net funds		(19,472)	(6,429)
		=====	=====

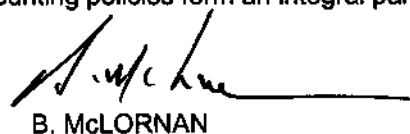
Glen Electric Limited
Company Balance Sheet - 31 March 2000

	Notes	2000	1999
		£000	£000
Fixed Assets			
Tangible assets	7	6,125	6,846
Financial assets	8	28,505	27,873
		-----	-----
		34,630	34,719
		-----	-----
Current Assets			
Stocks	10	5,635	4,937
Debtors	11	1,964	3,020
Cash at bank and in hand		1,605	20,709
		-----	-----
		9,204	28,666
Creditors: Amounts falling due within one year	12	(35,692)	(47,220)
		-----	-----
Net Current Liabilities		(26,488)	(18,554)
		-----	-----
Total Assets Less Current Liabilities		8,142	16,165
Creditors: Amounts falling due after more than one year	13	(4,340)	(2,287)
Deferred Grants	14	(910)	(1,129)
		-----	-----
Net Assets		2,892	12,749
		=====	=====
Capital and Reserves			
Called up share capital	15	603	603
Profit and loss account		2,289	12,146
		-----	-----
Shareholders' Funds - equity interests only	16	2,892	12,749
		=====	=====

The accompanying notes and statement of accounting policies form an integral part of this balance sheet.


S. O'DRISCOLL

DIRECTOR


B. McLORNAN

DIRECTOR

Approved by the Directors on 14 December, 2000.

Glen Electric Limited
Principal Group Members - 31 March 2000

Subsidiary Companies	Activity	Group Holding
<i>Incorporated in Northern Ireland</i>		%
Morphy Richards (NI) Limited	Manufacturing	100
Seagoe Technologies Limited	Manufacturing	100
Unidare Environmental Limited	Distribution	100
<i>Incorporated in England</i>		
Glen Dimplex Heating Limited	Distribution	100
Morphy Richards Appliances Limited	Investment Holding	100
Morphy Richards Limited	Distribution	100
Mellerware Sona Limited	Distribution	100
Morphy Richards Consumer Electronics Limited	Distribution	100
Roberts Radio Limited	Distribution	100
Belling Appliances Limited	Distribution	100
Belling (1992) Limited	Investment Holding	100
Precis (521) Limited	Investment Holding	100
Burco Dean Appliances Limited	Manufacturing	100
Goldmark (UK) Limited	Distribution	100
Goblin Limited	Distribution	100
<i>Incorporated in Other Jurisdictions</i>		
Glen Electric Holdings GmbH (Germany)	Investment Holding	100
KKW Kulmbacher Klimagerate Werke GmbH (Germany)	Manufacturing	100
Dimplex GmbH (Germany)	Distribution	100
EIO Elektrogerate GmbH (Germany)	Manufacturing	100
EIO Morphy Richards GmbH (Germany)	Distribution	100
EIO Aqua Vac GmbH (Austria)	Distribution	100
AKO Ismet Electrogerate GmbH & Co. KG (Germany)	Distribution	100
Glen Dimplex Benelux BV (Netherlands)	Distribution	100
Dimplex North America (Holdings) Limited (Canada)	Investment Holding	100
Dimplex North America Limited (Canada)	Manufacturing	100

Glen Electric Limited

Principal Group Members (continued) - 31 March 2000

Subsidiary Companies	Activity	Group Holding
<i>Incorporated in Other Jurisdictions</i>		%
Muller, S.A. (France)	Manufacturing	51
Glen Dimplex France Sarl (France)	Distribution	100
Glen Dimplex Hungary Gyarto es		
Kereskedelmi BT (Hungary)	Manufacturing	100
EWT Glen Electric GmbH (Germany)	Distribution	100
EWT Glen Dimplex Italia S.R.L. (Italy)	Distribution	100

Glen Electric Limited

Corporate Information

Registered Office

Rampart Road
Newry
Co Down
BT34 2QU

Directors

S. O'Driscoll
B. McLornan
M. Burns
B. McGovern
A. Nevin
A. Purton
R. Warren

Secretary

B. McLornan

Auditors

Arthur Andersen

Solicitors

DLA & Partners

Bankers

AIB Bank
IIB Bank
National Westminster Bank
Ulster Bank
Commerzbank
Toronto Dominion Bank