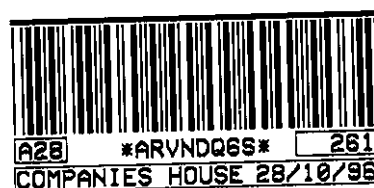


Addis Housewares Limited

Directors' report and financial statements

31 December 1995

Registered number 2881663



Addis Housewares Limited

Directors' report and financial statements

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Addis Housewares Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

Principal activity

The principal activity of the company is the manufacture and sale of houseware products.

Business review

During 1995 the company made further progress towards improved profitability and cash generation.

The first half of the year saw the continuation of high raw material prices and uncertainty in some of the retail sectors in which we operate. With most of the revenue generated in the UK and Eire particular emphasis was placed upon further cost reductions, protection of market share, new product development and European sales growth.

The changes introduced in the company's warehousing and distribution arrangements late in 1994 brought about significant cost reduction and improvements in customer service.

The sound cash position supported investment in new product and European market development.

With a fickle UK market the continuing efforts to reduce costs, win market share, develop new products, get closer to our customers and grow export sales will strengthen the company's position and generate new profit opportunities.

Dividends and transfer to reserves

	£000
Profit for the financial year	1,822
Dividend paid	(300)
Dividends proposed	(2,300)
Transfer from reserves	(778)

Significant changes in fixed assets

Details of the movements in fixed assets in the period are given in the notes to the financial statements.

In the opinion of the directors there is no significant difference between the market values and book values of land and buildings.

Addis Housewares Limited

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the period were as follows:

C M Papadopoulos (Chairman and Managing Director)
M J Budd
A J Christopher
S G Holbrough
J Newcomb
I M Thompson

None of the directors who held office at the end of the financial year had any disclosable interest in the share capital of any group companies during the period.

Employees

The company continued its procedures for communicating and consulting with employees during 1995, including involving them in matters which affect their interest as employees.

The policy of the company is to achieve a high standard of health, safety and welfare at work for all employees.

The engagement and continuing employment of disabled persons remained part of the company's policy. Where such individuals have the appropriate experience, ability and qualifications to do the job, they are offered equal opportunities for training, career development and promotion as are offered to those who are not disabled.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



A J Christopher
Secretary

River Bank
Swansea
SA1 7DD

4 March 1996

Addis Housewares 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 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 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 company and to 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.



Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff CF2 1TE

Auditors' report to the members of Addis Housewares Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

As described on page 4 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 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 as at 31 December 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature of the KPMG firm, written in a cursive style.

Chartered Accountants
Registered Auditors

4 March 1996

Addis Housewares Limited

Profit and loss account for the year ended 31 December 1995

	<i>Note</i>	1995 £000	1994 £000
Turnover	2	23,259	23,202
Cost of sales		(15,155)	(15,162)
Gross profit		8,104	8,040
Distribution costs		(4,658)	(4,881)
Administrative expenses		(1,726)	(1,755)
Operating profit		1,720	1,404
Loss on disposal of fixed assets		-	(115)
Interest receivable and similar income		102	-
Interest payable and similar charges	3	-	(29)
Profit on ordinary activities before taxation	4	1,822	1,260
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation being profit for the financial period		1,822	1,260
Dividend paid and proposed		(2,600)	(300)
Retained (loss)/profit for the financial period		(778)	960
Balance brought forward		960	-
Balance carried forward		182	960

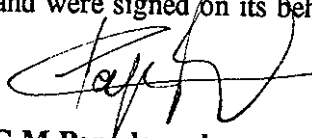
There were no recognised gains or losses in the financial period other than those passing through the profit and loss account.

Addis Housewares Limited

Balance sheet
at 31 December 1995

	Note	1995	1994
		£000	£000
Fixed assets			
Tangible assets	8	5,979	6,057
Current assets			
Stocks	9	1,309	1,247
Debtors	10	3,707	4,100
Cash at bank and in hand		3,587	1,450
		<u>8,603</u>	<u>6,797</u>
Creditors: amounts falling due within one year	11	(8,228)	(5,776)
Net current assets		<u>375</u>	<u>1,021</u>
Total assets less current liabilities		<u>6,354</u>	<u>7,078</u>
Creditors: amounts falling due after more than one year	12	(172)	(118)
Net assets		<u>6,182</u>	<u>6,960</u>
Capital and reserves			
Called up share capital	14	6,000	6,000
Profit and loss account		182	960
Shareholders' funds		<u>6,182</u>	<u>6,960</u>

These financial statements were approved by the board of directors on 4 March 1996 and were signed on its behalf by:


C M Papadopoulos
Director

Addis Housewares Limited

Reconciliation of movements in shareholders' funds for the year ended 31 December 1995

	1995 £000	1994 £000
Profit for the financial period	1,822	1,260
Dividend	(2,600)	(300)
Retained (loss)/profit	(778)	960
New share capital subscribed	-	6,000
Opening shareholders' funds	(778) 6,960	6,960 -
Closing shareholders' funds	6,182	6,960

Addis Housewares Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

Fixed assets and depreciation

Depreciation is provided by the group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Plant and machinery	-	3 to 7 years
Motor vehicles	-	4 years
Fixtures and fittings	-	5 to 10 years

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leased assets

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company participates in a group pension scheme, providing benefits based on final pensionable pay, the assets of which are held in a separate trustee administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The regular cost is attributed to individual years using the projected unit credit method.

Addis Housewares Limited

Notes (continued)

1 Accounting policies (continued)

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost has mainly been determined using the first in, first out basis. Work in progress and finished goods include materials, direct labour and an appropriate proportion of production overhead expenses.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts excluding VAT and other sales taxes derived from the provision of goods and services to customers during the period.

Government grants

Government grants received relating to capital expenditure are deferred and released to profit and loss account over the lives of the related fixed assets.

2 Analysis of turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation arise solely from the principal activity of the company.

The company has not disclosed an analysis of turnover by market as the directors consider that this will be seriously prejudicial to the company.

Addis Housewares Limited

Notes (continued)

3 Interest payable and similar charges

	1995 £000	1994 £000
On bank loans, overdrafts and other loans wholly repayable within five years	-	29
On finance lease agreements	-	-
	<u>-</u>	<u>29</u>

4 Profit on ordinary activities before taxation

	1995 £000	1994 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration - audit	19	20
- other services	30	6
Depreciation of tangible fixed assets:		
Owned	1,003	1,135
Under finance lease	4	-
Amounts payable under operating leases in respect of:		
Plant and machinery	172	182
Other assets	106	99
	<u>23</u>	<u>14</u>
<i>and after crediting</i>		
Release of government grants	23	14

5 Staff numbers and costs

The average number of persons employed full time by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	1995	1994
Manufacturing and distribution	222	238
Selling, marketing and administration	109	119
	<u>331</u>	<u>357</u>

The above numbers for selling, marketing and distribution include 23 (1994: 31) persons as the full time equivalent of 202 (1994: 233) merchandisers who are employed on a part-time basis.

Addis Housewares Limited

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of all employees were as follows:

	1995	1994
		£000
Wages and salaries	5,308	5,313
Social security costs	392	408
	<u>5,700</u>	<u>5,721</u>

6 Remuneration of directors

	1995	1994
	£000	£000
Directors' emoluments (including pension contributions)		
- management remuneration	<u>452</u>	<u>394</u>

Compensation for loss of office of £Nil (1994: £30,000) was paid to a director during the period.

The emoluments of the chairman and highest paid director, excluding pension contributions, were £125,951 (1994: £96,684).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1995	1994
£0 - £5,000	-	3
£20,001 - £25,000	-	1
£30,001 - £35,000	-	1
£60,001 - £65,000	3	4
£65,001 - £70,000	2	-
£95,001 - £100,000	-	1
£125,001 - £130,000	1	-

Addis Limited, the company's immediate parent undertaking (see note 17), has entered into a performance related incentive agreement with Mr C Papadopoulos dependent on the growth in the value of the company. The scheme allows Mr Papadopoulos to receive his benefit on the occurrence of certain events, as specified in the agreement, or to receive up to half of the payment after the date on which the 1996 financial statements are approved by the Board of Directors, with the balance being receivable after the approval of the subsequent set of financial statements or later.

Addis Housewares Limited

Notes (continued)

7 Taxation

No charge for corporation tax (1994: £Nil) arises because of the availability of tax losses relating to previous years.

8 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Construction in progress £000	Total £000
Cost						
At beginning of year	2,687	13,701	162	461	160	17,171
Additions - external	-	-	-	-	938	938
Reclassification	140	805	-	2	(947)	-
Disposals	-	(29)	(51)	(16)	-	(96)
	<u>2,827</u>	<u>14,477</u>	<u>111</u>	<u>447</u>	<u>151</u>	<u>18,013</u>
Depreciation and diminution in value						
At beginning of year	57	10,528	123	406	-	11,114
Charge for period	28	942	16	21	-	1,007
On disposals	0	(28)	(44)	(15)	-	(87)
	<u>85</u>	<u>11,442</u>	<u>95</u>	<u>412</u>	<u>-</u>	<u>12,034</u>
Net book value						
At 31 December 1995	<u>2,742</u>	<u>3,035</u>	<u>16</u>	<u>35</u>	<u>151</u>	<u>5,979</u>
At 31 December 1994	<u>2,630</u>	<u>3,173</u>	<u>39</u>	<u>55</u>	<u>160</u>	<u>6,057</u>

Net book value above includes £8,000 (1994: £12,000) in respect of plant and machinery being acquired under finance leases after charging depreciation for the period of £4,000 (1994: £Nil).

The cost of freehold land and buildings includes £1,852,000 (1994: £1,712,000) of depreciable assets.

Addis Housewares Limited

Notes (continued)

9 Stocks

	1995 £000	1994 £000
Raw materials and consumables	308	110
Work in progress	85	132
Finished goods and goods for resale	916	1,005
	<u>1,309</u>	<u>1,247</u>

10 Debtors

	1995 £000	1994 £000
Trade debtors	3,336	3,552
Amounts owed by group undertakings	200	200
Other debtors	76	255
Prepayments and accrued income	95	93
	<u>3,707</u>	<u>4,100</u>

11 Creditors: amounts falling due within one year

	1995 £000	1994 £000
Trade creditors	2,714	2,940
Amounts owed to group undertakings	-	15
Taxation and social security	509	412
Other creditors	197	133
Accruals	2,480	2,257
Proposed dividend	2,300	-
Obligations under finance leases and hire purchase contracts	5	5
Deferred government grants	23	14
	<u>8,228</u>	<u>5,776</u>

Addis Housewares Limited

Notes (continued)

12 Creditors: amounts falling due after more than one year

	1995 £000	1994 £000
Obligations under finance leases and hire purchase contracts	3	7
Deferred government grants	169	111
	<u>172</u>	<u>118</u>
Obligations under finance leases and hire purchase contracts repayable in 2-5 years	-	7
	<u>-</u>	<u>7</u>

13 Deferred taxation

There was a potential deferred taxation asset at 33% at 31 December 1995 as follows:

	1995 £000	1994 £000
Accelerated capital allowances	(269)	(180)
Trading losses carried forward	682	1,152
Other timing differences	58	78
	<u>471</u>	<u>1,050</u>

14 Called up share capital

	1995 £000	1994 £000
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

Addis Housewares Limited

Notes (continued)

15 Commitments

- i) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	1995 £000	1994 £000
Contracted	-	11
Authorised but not contracted	17	12
	<u>17</u>	<u>12</u>

- ii) Annual commitments under non-cancellable operating leases are as follows:

	1995		1994	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	117	-	9
In the second to fifth years inclusive	-	119	-	236
	<u>-</u>	<u>119</u>	<u>-</u>	<u>236</u>
	-	236	-	245
	<u>-</u>	<u>236</u>	<u>-</u>	<u>245</u>

- iii) The company is committed to acquire certain assets under finance leases. The capital element of the payments due under the leases, the starting date of which is uncertain amounts to £865,000 over a five year period of which £76,000 has been paid.

Addis Housewares Limited

Notes (continued)

16 Pension scheme

The company participates in a group pension scheme, the assets of which are held in a separate trustee administered fund.

The contributions to this scheme are determined with the advice of an independent qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent actuarial review was conducted as at 30 June 1994 using the following main methods and assumptions:

- i) pensionable salaries of each member will increase steadily at the rate of 7.0% per annum compound;
- ii) the existing assets within the scheme were valued by discounting projected future income from the underlying investments, allowing for a 4.5% per annum growth in the income from equities and property;
- iii) projected liabilities and assets were valued at a rate of interest of 9.0% per annum;
- iv) pensions in payment in the case of existing pensioners and all future pensioners will increase at the rate of 2% per annum compound on the pension in excess of the guaranteed minimum pension. Statutory increases are assumed on the guaranteed minimum pension.

The most recent actuarial review showed that the market value of the scheme's assets was £27.8m and that the actuarial value of those assets represented 137% of the benefits that had accrued to members, after allowing for expected future increases in earnings. It was proposed that this surplus would be amortised over the remaining service lives of the employees.

The rate of the amortisation of the pension fund surplus exceeds the required employers future contribution rate. Consequently there was no pension charge for the period. The employees' funding rates are variable depending on the age of the employee.

17 Ultimate parent company and parent undertaking of larger group

The smallest group into which the results of the company are consolidated is that headed by Addis Limited, the immediate parent undertaking at 31 December 1995 which is registered in England and Wales. Copies of the financial statements of that company are available from Companies House, Crown Way, Maindy, Cardiff.

The largest group into which the results of the company are consolidated is that headed by Addis BV, the ultimate parent undertaking, which is incorporated in The Netherlands.

At the date of approval of these financial statements the immediate parent undertaking was Addis Group Limited, a company registered in England and Wales.