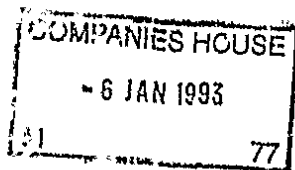


HOTPOINT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 March 1992

106725



Touche Ross & Co.
Hill House
1 Little New Street
London
EC4A 3TR

REPORT AND FINANCIAL STATEMENTS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B.A. Enders
J.H. Butcher
R.S. Clay
D.A. Scannell
G.E. White

SECRETARY

J.H. Butcher

REGISTERED OFFICE

Celta Road
Peterborough
PE2 9JB

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

BANKERS

Midland Bank plc

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 1992.

1. ACTIVITIES

The principal activities of the Company are the manufacture, distribution and servicing of domestic appliances.

2. RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are as follows:

	1992 £'000
Profit on ordinary activities before taxation	24,306
Tax on profit on ordinary activities	<u>8,014</u>
Profit on ordinary activities after taxation	16,292
Dividends - paid	4,510
- proposed	<u>6,200</u>
Profit retained, transferred to reserves	5,582 =====

The Directors recommend the payment of a final dividend of £6,200,000 payable to General Domestic Appliances Limited (GDA) on 5 October 1992 which together with the interim dividend of £4,510,000 paid to GDA on 20 March 1992 makes a total dividend for the year of £10,710,000 (1991 - £13,357,000).

3. REVIEW OF THE BUSINESS

Despite lower interest and mortgage rates, sales of domestic appliances again declined as consumer confidence was affected by higher levels of unemployment, reduced house movements and the poor economic climate. 'The Company expanded its market share in all major product areas through the introduction of new products and improved customer support and was able to achieve higher margins. Profits improved and exports to Europe grew'.

4. FUTURE PROSPECTS

The European domestic appliance market is expected to experience low growth and to continue to be extremely product feature and price competitive.

The Company's objective remains to maintain and enhance its UK position, whilst seeking opportunities to develop key European markets.

DIRECTORS' REPORT

5. RESEARCH AND DEVELOPMENT

Programmes to delete the use of chlorofluorocarbons (CFCs) continue in conjunction with suppliers. The other main focus for the Company has been the introduction of Frost Free refrigeration products and design developments.

6. EMPLOYMENT OF DISABLED PEOPLE

It is the Company's policy to:

- (a) encourage and assist the recruitment and employment of disabled people; and
- (b) offer disabled workers opportunities for training, career development and promotion in accordance with their abilities; and
- (c) make every effort to retain newly disabled employees in their own job or to find a suitable alternative within the Company,

with the ultimate objective of giving disabled persons the same opportunities as able-bodied employees to maximise their working capabilities for the mutual benefit of individuals and the Company.

7. EMPLOYEE INVOLVEMENT

With the co-operation of its employees and Trade Union representatives the Company seeks continuously improved means of exchanging information on the Company's performance, future plans and prospects and to encourage awareness of the market and economic factors which influence the Company's development and growth. As part of such communications, the Company produces a quarterly newsletter.

8. DIRECTORS

The present constitution of the Board is shown on page 1.

Mr. D.A. Scannell was appointed as Finance Director on 8 May 1991.

9. DIRECTORS' INTERESTS

According to the Register kept by the Company in accordance with Section 325 of the Companies Act 1985, no Director of the Company has any disclosable interests in the shares of the Company, its parent or other group company.

DIRECTORS' REPORT

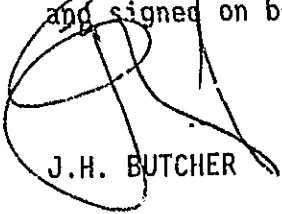
10. FIXED ASSETS

Details of, and movements in, fixed assets are given in note 8 to the accounts.

11. AUDITORS

Touche Ross & Co. are to be reappointed as auditors of the Company.

Approved by the Board of Directors
and signed on behalf of the Board



J.H. BUTCHER

Company Secretary

01/01/1992

Celta Road
Peterborough
PE2 9JB

HOTPOINT LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 18 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1992 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Chartered Accountants and
Registered Auditor
London

1 October 1992

HOTPOINT LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 1992

	Note	1992 £'000	1991 £'000
Turnover	2	<u>306,971</u>	<u>315,819</u>
Profit on ordinary activities before taxation	3	24,306	21,513
Tax on profit on ordinary activities	7	<u>8,014</u>	<u>7,606</u>
Profit on ordinary activities after taxation		16,292	13,907
Dividend paid		4,510	-
Dividends proposed		<u>6,200</u>	<u>13,357</u>
Profit retained, transferred to reserves		5,582	550
Reserves brought forward		<u>550</u>	<u>-</u>
Reserves carried forward		<u>6,132</u> =====	<u>550</u> =====

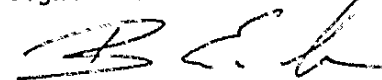
HOTPOINT LIMITED

BALANCE SHEET 31 March 1992

	Note	1992 £'000	1991 £'000
FIXED ASSETS			
Tangible assets	8	<u>52,073</u>	<u>51,832</u>
CURRENT ASSETS			
Stocks	9	36,111	37,784
Debtors	10	54,556	66,151
Cash at bank and in hand		<u>19,976</u>	<u>14,196</u>
		<u>110,643</u>	<u>118,131</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade creditors		32,931	35,636
Amounts owed to group companies		783	530
Other creditors including taxation and social security	11	30,070	33,621
Proposed dividend		<u>6,200</u>	<u>13,357</u>
		<u>69,984</u>	<u>83,144</u>
NET CURRENT ASSETS		<u>40,659</u>	<u>34,987</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		92,732	86,819
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>10,686</u>	<u>10,355</u>
		<u>82,046</u>	<u>76,464</u>
CAPITAL AND RESERVES			
Called up share capital	13	5,010	5,010
Share premium account		70,904	70,904
Profit and loss account		<u>6,132</u>	<u>550</u>
		<u>82,046</u>	<u>76,464</u>

These financial statements were approved by the Board of Directors on
01 OCTOBER 1992.

Signed on behalf of the Board of Directors.



B.A. ENDERS Director

HOTPOINT LIMITED

CASH FLOW STATEMENT
For the year ended 31 March 1992

	Note	1992 £'000	1991 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	46,365	20,178
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Dividends paid		(17,867)	-
TAXATION			
Corporation tax paid (including advance corporation tax)		(11,234)	(7,337)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(13,399)	(12,707)
Receipts from sales of tangible fixed assets		<u>772</u>	<u>876</u>
Net cash inflow before financing		4,637	1,010
FINANCING			
Loan made to parent company		-	(7,847)
Repayment of loan made to parent company		<u>1,143</u>	<u>-</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2	<u>5,780</u> =====	<u>(6,837)</u> =====

NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 March 1992

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW
 FROM OPERATING ACTIVITIES

	1992 £'000	1991 £'000
Operating profit	24,306	21,522
Depreciation charges	12,774	12,237
Profit on sale of fixed assets	(388)	(9)
Decrease in stocks	1,673	314
Decrease/(increase) in debtors	9,033	(8,795)
Decrease in creditors	(591)	(4,978)
Decrease in provisions	(442)	(113)
Net cash inflow from operating activities	46,365 =====	20,178 =====

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1992 £'000	1991 £'000
Cash at bank and in hand at 1 April 1991	14,196	21,033
Net cash inflow/(outflow)	5,780	(6,837)
Cash at bank and in hand at 31 March 1992	19,976 =====	14,196 =====

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Stock and work-in-progress

Stock and work-in-progress is valued at the lower of cost and net realisable value. Cost is represented by raw materials, labour and an appropriate proportion of production overheads.

(c) Depreciation of freehold property

(i) Freehold Land: No depreciation is charged on freehold land.

(ii) Freehold Buildings: Expenditure on freehold buildings incurred prior to 5 November 1962 is depreciated in equal annual instalments at a rate of 2% per annum. Expenditure incurred after this date, including that which is in respect of additions to existing buildings is depreciated in equal annual instalments at a rate of 4% per annum.

(d) Depreciation of leasehold property

Long leases (those with not less than fifty years unexpired) are depreciated over fifty years. Short leases are depreciated by equal annual instalments over the period of their unexpired term.

(e) Depreciation of plant and machinery, tools and vehicles

Depreciation is provided by equal annual instalments over the anticipated lives of the assets at rates of not less than 10% per annum.

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

1. ACCOUNTING POLICIES (continued)

(f) Government grants

(i) Regional Development Grants are treated as deferred income which is credited to the profit and loss account by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

(ii) Any revenue grants or assistance received from government sources are set off against the expenditure to which they relate.

(g) Deferred taxation

Deferred taxation is provided at the rates of taxation that are expected to apply to differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

(h) Product design and development

Product design and development expenditure is written off in the year in which it is incurred.

(i) Foreign exchange

Gains or losses on foreign currency transactions and translation differences on assets and liabilities have been treated as normal items of the year's operations. Assets and liabilities as at 31 March 1992 have been translated at the exchange rates ruling on that date, except where these are covered by forward exchange contracts in which case they have been converted at the sterling value fixed by such contracts.

(j) Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is substantially a level percentage of current and expected future pensionable payroll.

2. TURNOVER

Turnover represents the total net sales value of sales to third parties of the Company's products and services, excluding value added tax.

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

2. TURNOVER (continued)

Under an agreement dated 26 July 1990, the Company entered into an agency arrangement with General Domestic Appliances Sales Limited, a subsidiary of the Company's parent company General Domestic Appliances Limited, whereby:

- (a) all of the Company's products and services would be purchased by General Domestic Appliances Sales Limited; and
- (b) the Company would act as agent for General Domestic Appliances Sales Limited for the sale of all products and services to third parties.

These sales were made by the Company as agent for General Domestic Appliances Sales Limited, a fellow undertaking.

	1992 £'000	1991 £'000
Geographical analysis of turnover:		
United Kingdom	290,310	301,044
Western Europe	15,356	14,564
Other	<u>1,305</u>	<u>211</u>
	<u>306,971</u>	<u>315,819</u>
	=====	=====

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following items have been charged/(credited) in arriving at the profit on ordinary activities before taxation.

	1992 £'000	1991 £'000
Change in stocks of finished goods and work in progress	1,577	(314)
Raw materials and consumables	153,722	169,198
Other external charges (note 5)	2,623	2,452
Staff costs (note 4)	87,116	85,186
Depreciation	12,774	12,237
Other operating charges	24,957	26,827
Interest receivable (note 6)	<u>(104)</u>	<u>(1,280)</u>
	<u>282,665</u>	<u>294,306</u>
	=====	=====

HOTPOINT LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1992 £'000	1991 £'000
Directors' emoluments	238 =====	153 =====
Emoluments (excluding pension contributions) of the highest paid director	64 =====	55 =====

Mr B.A. Enders who was a Director of Hotpoint Limited, served as an executive of General Electric Company (U.S.) ("GE"). It is not practicable to allocate the total remuneration he received between his service as an executive of GE and his service as a Director of Hotpoint Limited.

	1992 No.	1991 No.
Emoluments (excluding pension contributions) of other directors fell within the following ranges:		
£ Nil to £ 5,000	1	1
£40,001 to £45,000	-	1
£45,001 to £50,000	1	1
£50,001 to £55,000	1	-
£60,001 to £65,000	1	-
	===	===

	£'000	£'000
Staff costs during the year:		
Wages and salaries	79,124	77,313
Social security costs	7,946	7,829
Other pension costs	46	44
	=====	=====
	87,116	85,186

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1992 No.	1991 No.
Average number of persons employed:		
Manufacturing	3,124	3,385
Service	1,862	1,870
Distribution	378	396
Administration	<u>419</u>	<u>436</u>
	5,783	6,087
	=====	=====

5. OTHER EXTERNAL CHARGES

	1992 £'000	1991 £'000
Other external charges include:		
Auditors' remuneration	103	115
	=====	=====
Hire of plant and machinery	2,520	2,337
	=====	=====

6. INTEREST RECEIVABLE

	1992 £'000	1991 £'000
Interest on staff sales advances	104	127
Bank interest on current account	<u>-</u>	<u>1,153</u>
	104	1,280
	=====	=====

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1992 £'000	1991 £'000
UK taxation:		
- Corporation tax at 33% (1991 - 34%) based on the profit for the year	8,334	7,886
- Deferred tax	(306)	(547)
Adjustments to prior year tax provisions:		
- Foreign tax	23	-
- Corporation tax	-	(1)
- Deferred tax	<u>(37)</u>	<u>268</u>
	8,014	7,606
	=====	=====

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

8. TANGIBLE FIXED ASSETS

	Freehold property £'000	Leasehold long £'000	property short £'000	Plant and machinery £'000	Fixtures, tools and vehicles £'000	Total £'000
Cost:						
At 1 April 1991	11,286	8,067	3,222	43,650	30,796	97,021
Additions	274	14		2,501	10,610	13,399
Disposals	(104)	-	-	(766)	(7,276)	(8,146)
At 31 March 1992	<u>11,456</u>	<u>8,081</u>	<u>3,222</u>	<u>45,385</u>	<u>34,130</u>	<u>102,274</u>
Accumulated depreciation:						
At 1 April 1991	4,490	1,912	622	22,033	16,132	45,189
Charge	375	314	128	3,569	8,388	12,774
Disposals	-	-	-	(640)	(7,122)	(7,762)
At 31 March 1992	<u>4,865</u>	<u>2,226</u>	<u>750</u>	<u>24,962</u>	<u>17,398</u>	<u>50,201</u>
Net book value:						
At 31 March 1992	<u>6,591</u> =====	<u>5,855</u> =====	<u>2,472</u> =====	<u>20,423</u> =====	<u>16,732</u> =====	<u>52,073</u> =====
At 31 March 1991	<u>6,796</u> =====	<u>6,155</u> =====	<u>2,600</u> =====	<u>21,617</u> =====	<u>14,664</u> =====	<u>51,832</u> =====

The cost of assets which were fully depreciated at 31 March 1992 amounted to £12,096,000 (1991 - £9,795,000).

Included in freehold property is land amounting to £1,462,700 (1991 - £1,566,700) which is not depreciated.

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

8. TANGIBLE FIXED ASSETS (continued)

Estimated future capital expenditure, for which no provision has been made in the financial statements, amounts to:

	1992 £'000	1991 £'000
Commitments contracted for at 31 March	2,719	4,440
Authorised but not committed at 31 March	3,506	3,414
	=====	=====

The accounting policy relating to the treatment of Regional Development Grants has been changed so that related assets are now shown at cost with the amount of the grant treated as deferred income credited to the profit and loss account over the useful economic life of the asset. In the previous year, fixed assets were shown net of such grants.

9. STOCKS

	1992 £'000	1991 £'000
Raw materials and work in progress	10,623	10,719
Finished goods and goods for resale	<u>25,488</u>	<u>27,065</u>
	36,111	37,784
	=====	=====

10. DEBTORS

	1992 £'000	1991 £'000
Trade debtors	45,427	54,748
Amounts owed by group undertakings	6,726	7,869
Other debtors	739	807
Prepayments and accrued income	<u>1,664</u>	<u>2,727</u>
	54,556	66,151
	=====	=====

Trade debtors of £45,427,000 are disclosed in respect of amounts outstanding on the sales of products and services made by the Company as agent for General Domestic Appliances Sales Limited.

Prepayments and accrued income include amounts of £nil (1991 - £1,419,000) recoverable after more than one year.

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1992 £'000	1991 £'000
Corporation tax	7,189	12,600
PAYE, social security and value added tax	6,783	6,120
Other creditors including Government grants and deferred income	<u>16,098</u>	<u>14,901</u>
	<u>30,070</u>	<u>33,621</u>
	=====	=====

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 April 1991 £'000	Charged/ (credited) to profit and loss account £'000	Applied £'000	Balance at 31 March 1992 £'000
Deferred taxation	971	(193)	966	1,744
Reorganisation provision	122	-	(115)	7
Service and collection provisions	<u>9,262</u>	<u>(327)</u>	<u>-</u>	<u>8,935</u>
	<u>10,355</u>	<u>(520)</u>	<u>851</u>	<u>10,686</u>
	=====	=====	=====	=====

Deferred taxation has been provided in full on all timing differences.

The application of deferred taxation is represented by the cash flows caused by advance corporation tax.

The amounts of deferred taxation provided in the financial statements are:

	1992 £'000	1991 £'000
Capital allowances in excess of depreciation	3,772	4,178
Other timing differences	<u>(111)</u>	<u>(174)</u>
	3,661	4,004
Less unrelieved advance corporation tax	<u>(1,917)</u>	<u>(3,033)</u>
	<u>1,744</u>	<u>971</u>
	=====	=====

13. CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid:

	1992 £'000	1991 £'000
5,010,000 (1991 - 5,010,000) ordinary shares of £1 each	<u>5,010</u>	<u>5,010</u>
	=====	=====

NOTES TO THE ACCOUNTS
Year ended 31 March 1992

14. OPERATING LEASE COMMITMENTS

At 31 March 1992, Hotpoint Limited was committed to making the following payments during the next year in respect of land and buildings:

	£'000
Leases which expire:	
Within one year	36
Within two to five years	275
After five years	<u>628</u>
	939
	=====

15. FORWARD FOREIGN EXCHANGE COMMITMENTS

The Company has outstanding forward foreign exchange contracts, the value of which at 31 March 1992 amounted to £5,962,000 (1991 - £7,994,000).

16. PENSIONS

The Company is an associate of The General Electric Company, p.l.c. ("GEC") and 98.5% of its pension plan employees are members of the principal Pension Plan of GEC ("The GEC Plan"). This scheme is funded and is of the 'defined benefit' type; particulars of its most recent actuarial valuation will be disclosed in the report and accounts of GEC for the year to 31 March 1992.

The pensions cost charge of the company in respect of employees who are members of The GEC Plan consists of employer's contributions payable which are similar across the Group as a whole as a percentage of pensionable earnings. Based on advice from a qualified actuary, there was no company contribution to the GEC Plan in the year or in the previous year and none is expected prior to the next actuarial valuation in 1994.

17. ULTIMATE PARENT COMPANY

The Company's parent company is General Domestic Appliances Limited ('GDA') which is registered in England and Wales. The GDA group is the only group of which the Company is a member for which group accounts are prepared. The parent company and its subsidiary undertakings are described in this document as 'Group Companies'. GDA is ultimately owned jointly by The General Electric Company, p.l.c., registered in England and Wales, and General Electric Company, incorporated in the United States of America.