

**HOTPOINT LIMITED**

**Report and Financial Statements**

**31 March 1995**

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



**REPORT AND FINANCIAL STATEMENTS 1995**

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**REPORT AND FINANCIAL STATEMENTS 1995**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

B A Enders  
A P Hutchinson  
G E White (Managing)

**SECRETARY**

A J Bodenham

**REGISTERED OFFICE**

Celta Road  
Peterborough  
PE2 9JB

**BANKERS**

Midland Bank plc

**AUDITORS**

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

## **DIRECTORS' REPORT**

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

### **ACTIVITIES**

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

### **RESULTS, DIVIDENDS AND TRANSFERS FROM RESERVES**

The results for the year are as follows:

	£'000
Profit on ordinary activities before taxation	16,534
Tax on profit on ordinary activities	5,765
Profit on ordinary activities after taxation	10,769
Interim dividends paid	14,000
Withdrawn from reserves	(3,231)

The Directors do not recommend the payment of a final dividend.

### **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The Company maintained its leading market position in the UK against increased competition from low-priced imports. Sales grew slightly. New product introductions included a new range of CFC-free, frost-free Mistral fridge freezers.

The UK market is likely to remain price competitive. The Company objective remains to enhance its UK position, whilst seeking opportunities to develop key European markets.

### **RESEARCH AND DEVELOPMENT**

Energy labelling for the refrigeration products was introduced to the market place in January 1995. Research and development is continuing with frost-free refrigeration, to extend the range and expand into export.

### **EMPLOYMENT OF DISABLED PEOPLE**

It is the Company's policy to:

- (a) encourage and assist the recruitment and employment of disabled people;
- (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 suitable alternative employment 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.

## **DIRECTORS' REPORT**

### **EMPLOYEE INVOLVEMENT**

With the co-operation of its employees and Trade Union representatives, the Company continuously seeks 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 newsletter.

### **DIRECTORS**

The present constitution of the Board is shown on page 1. Mr P M Collins resigned from the Board on 16 November 1994. Mr A P Hutchinson was appointed to the Board on 16 November 1994. Mr G E White was appointed to the Board on 1 December 1994.

### **DIRECTORS' INTERESTS**

None of the Directors had an interest in the shares of the Company, its parent company, or any subsidiaries thereof as at 31 March 1995.

None of the Directors had any beneficial interest, other than in the ordinary course of business, in any contract to which the Company or a subsidiary was a party during the year.

### **FIXED ASSETS**

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

### **AUDITORS**

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

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



Company Secretary

30 November 1995

Celta Road  
Peterborough  
PE2 9JB



## Chartered Accountants

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

Telephone: National 0171 936 3000  
International + 44 171 936 3000  
Telex: 884739 TRLNDN G  
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LDE: DX 599

## AUDITORS' REPORT TO THE MEMBERS OF HOTPOINT LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 8 and 9.

### Respective responsibilities of directors and auditors

The Directors are required by the Companies Act 1985 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 the financial year and to state whether the accounts have been prepared in accordance with applicable accounting standards.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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.

It is our responsibility as auditors to form an independent opinion, based on our audit, on the financial 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 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO.

Chartered Accountants and  
Registered Auditors

*30 November*  
**Deloitte Touche  
Tohmatsu  
International**

1995

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton.

Principal place of business at which a list of partners' names is available:  
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.


**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1995**

	Note	1995 £'000	1994 £'000
<b>TURNOVER</b>	2	298,184	295,014
<b>OPERATING PROFIT</b>	3	16,178	17,170
Interest receivable and similar income	6	356	90
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		16,534	17,260
Tax on profit on ordinary activities	7	5,765	5,404
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		10,769	11,856
Dividend paid		14,000	13,550
Amounts withdrawn from reserves		(3,231)	(1,694)
<b>Reserves brought forward</b>		8,738	10,432
<b>Reserves carried forward</b>		5,507	8,738

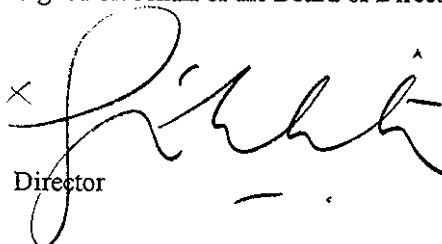
All activities derive from continuing operations. There are no recognised gains or losses or movements in shareholders' funds other than the amounts withdrawn from reserves for the current and preceding financial year. Accordingly, no statement of total recognised gains and losses or reconciliation of movement in shareholders' funds is given.

**BALANCE SHEET**  
**31 March 1995**

	Note	1995 £'000	1994 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	55,828	55,606
<b>CURRENT ASSETS</b>			
Stocks	9	39,417	36,298
Debtors	10	47,529	44,757
Cash at bank and in hand		15,222	18,848
		102,168	99,903
<b>CREDITORS: amounts falling due within one year</b>			
Trade creditors		41,119	33,925
Amounts owed to group undertakings		544	28
Other creditors including taxation and social security	11	24,277	25,319
		65,940	59,272
<b>NET CURRENT ASSETS</b>		36,228	40,631
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		92,056	96,237
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	(10,635)	(11,585)
		81,421	84,652
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	5,010	5,010
Share premium account		70,904	70,904
Profit and loss account		5,507	8,738
<b>EQUITY SHAREHOLDERS' FUNDS</b>		81,421	84,652

These financial statements were approved by the Board of Directors on 30 November 1995.

Signed on behalf of the Board of Directors

x   
Director



**CASH FLOW STATEMENT**  
**Year ended 31 March 1995**

	Note	1995 £'000	1994 £'000
<b>Net cash inflow from operating activities</b>	15	29,971	35,095
<b>Returns on investments and servicing of finance</b>			
Dividends paid		(14,000)	(13,550)
<b>Taxation</b>			
Corporation tax paid (including advance corporation tax)		(5,503)	(4,913)
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(14,943)	(17,681)
Receipts from group companies for the transfer of tangible fixed assets		6	1,339
Receipts from sales of tangible fixed assets		843	1,151
<b>Net cash (outflow)/inflow</b>		(3,626)	1,441
<b>(Decrease)/increase in cash and cash equivalents</b>	16	(3,626)	1,441

## **NOTES TO THE ACCOUNTS**

**Year ended 31 March 1995**

### **1. ACCOUNTING POLICIES**

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

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Stocks and work-in-progress**

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

#### **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.

#### **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.

#### **Depreciation of plant and machinery, fixtures, 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.

#### **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.

#### **Deferred taxation**

Deferred taxation is provided at a rate of 33% on timing 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.

#### **Product design and development**

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

#### **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 1995 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.

# NOTES TO THE ACCOUNTS

Year ended 31 March 1995

## 1. ACCOUNTING POLICIES (continued)

### Pension costs

The expected cost of providing pensions, as calculated periodically by independent actuaries, is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of current employees (Note 16).

## 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.

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 group undertaking.

	1995 £'000	1994 £'000
Geographical analysis of turnover:		
United Kingdom	283,901	278,864
Western Europe	12,802	14,534
Other	1,481	1,616
	<u>298,184</u>	<u>295,014</u>

## 3. OPERATING PROFIT

The following items have been charged/(credited) in arriving at operating profit.

	1995 £'000	1994 £'000
Change in stocks of finished goods and work-in-progress	(2,457)	(6,608)
Raw materials and consumables	161,199	156,024
Other external charges (note 5)	1,676	2,308
Staff costs (note 4)	86,880	90,152
Depreciation	14,004	13,381
Research and development	2,963	3,063
Other operating charges	17,100	19,524
Goodwill written off	641	-
	<u>281,305</u>	<u>282,448</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1995**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1995 £'000	1994 £'000
<b>Directors' emoluments</b>	101	207
Emoluments (excluding pension contributions) of the highest paid director	36	69

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

	1995 No	1994 No
Emoluments (excluding pension contributions) of other directors fell within the following ranges:		
£ 30,001 - £ 35,000	2	-
£ 35,001 - £ 40,000	-	1
£ 45,001 - £ 50,000	-	1
£ 50,001 - £ 55,000	-	1

	1995 £'000	1994 £'000
<b>Staff costs during the year</b>		
Wages and salaries	78,973	81,766
Social security costs	7,823	8,312
Other pension costs - Dublin office	84	74
	86,880	90,152
	1995 No.	1994 No.

Average number of persons employed:

Manufacturing	2,447	2,557
Service	2,039	2,208
Distribution	472	450
Administration	377	381
	5,335	5,596


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1995**
**5. OTHER EXTERNAL CHARGES**

	1995 £'000	1994 £'000
Other external charges include:		
Auditors' remuneration	110	103
Hire of plant and machinery	1,566	2,205

No other amounts were paid to the auditors during the year.

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1995 £'000	1994 £'000
Rate rebate	49	-
Corporation tax repayment	257	-
Interest on staff sales advances	50	90
	356	90

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1995 £'000	1994 £'000
UK taxation:		
Corporation tax at 33% (1994 - 33%) based on the profit for the year	6,033	5,196
Deferred taxation	(346)	504
Adjustments to prior years' tax provisions		
Foreign tax	162	20
Deferred taxation	84	3
Corporation tax	(168)	(319)
	5,765	5,404


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1995**
**8. TANGIBLE FIXED ASSETS**

	Freehold property £'000	Leasehold property long £'000	Leasehold property short £'000	Plant and machinery £'000	Fixtures, tools and vehicles £'000	Total £'000
<b>Cost</b>						
At 1 April 1994	11,506	8,660	3,222	50,074	41,956	115,418
Additions	(3)	64	-	2,945	11,937	14,943
Disposals	(12)	-	-	(2,595)	(7,565)	(10,172)
Intra Group transfers	(40)	-	-	(170)	98	(112)
<b>At 31 March 1995</b>	<b>11,451</b>	<b>8,724</b>	<b>3,222</b>	<b>50,254</b>	<b>46,426</b>	<b>120,077</b>
<b>Accumulated depreciation</b>						
At 1 April 1994	5,581	2,862	1,007	29,091	21,271	59,812
Charge for the year	363	337	129	3,676	9,499	14,004
Disposals	(9)	-	-	(2,231)	(7,221)	(9,461)
Intra Group transfers	(22)	-	-	(159)	75	(106)
<b>At 31 March 1995</b>	<b>5,913</b>	<b>3,199</b>	<b>1,136</b>	<b>30,377</b>	<b>23,624</b>	<b>64,249</b>
<b>Net book value</b>						
At 31 March 1995	5,538	5,525	2,086	19,877	22,802	55,828
At 31 March 1994	5,925	5,798	2,215	20,983	20,685	55,606

The cost of assets which were fully depreciated at 31 March 1995 amounted to £18,306,000 (1994 - £17,333,000).

Included in freehold property is land amounting to £1,541,701 (1994 - £1,541,701) which is not depreciated.

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

	1995 £'000	1994 £'000
Commitments contracted for at 31 March	1,071	2,987
Authorised but not committed at 31 March	1,518	1,098

**9. STOCKS**

	1995 £'000	1994 £'000
Raw materials and work-in-progress	9,612	8,950
Finished goods and goods for resale	29,805	27,348
	<b>39,417</b>	<b>36,298</b>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1995**

**10. DEBTORS**

	1995 £'000	1994 £'000
Trade debtors	34,014	32,738
Amounts owed by fellow subsidiaries	10,704	9,197
Other debtors	715	969
Prepayments and accrued income	2,096	1,853
	<u>47,529</u>	<u>44,757</u>

Trade debtors of £34,014,000 (1994 - £32,738,000) 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. All amounts fall due within one year.

**11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	1995 £'000	1994 £'000
Corporation tax	3,514	2,990
PAYE, social security and value added tax	6,660	6,693
Other creditors including Government grants and deferred income	14,103	15,636
	<u>24,277</u>	<u>25,319</u>

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	Balance at 1 April 1994 £'000	Charged/ (credited) to profit and loss account £'000	Applied £'000	Balance at 31 March 1995 £'000
Deferred taxation	4,098	(262)	-	3,836
Reorganisation provision	450	414	(426)	438
Service and collection provisions	7,037	(676)	-	6,361
	<u>11,585</u>	<u>(524)</u>	<u>(426)</u>	<u>10,635</u>



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1995**

**12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

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.

	1995 £'000	1994 £'000
The amounts of deferred taxation provided in the financial statements are:		
Capital allowances in excess of depreciation	3,994	4,306
Other timing differences	(158)	(208)
	<u>3,836</u>	<u>4,098</u>

**13. CALLED UP SHARE CAPITAL**

	1995 £'000	1994 £'000
Authorised, allotted and fully paid: 5,010,000 (1994 - 5,010,000) ordinary shares of £1 each	<u>5,010</u>	<u>5,010</u>

**14. OPERATING LEASE COMMITMENTS**

At 31 March 1995, the Company was committed to making the following payments during the next year in respect of land and buildings:

	£'000
Leases which expire:	
Within one year	63
Within two to five years	156
After five years	1,075
	<u>1,294</u>




**NOTES TO THE ACCOUNTS**
**Year ended 31 March 1995**
**15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1995 £'000	1994 £'000
Operating profit	16,534	17,260
Depreciation charges	14,004	13,381
Profit on sale of fixed assets	(132)	(294)
Increase in stocks	(3,119)	(6,406)
(Increase)/decrease in debtors	(2,772)	15,466
Increase/(decrease) in creditors	6,144	(2,726)
Decrease in provisions	(688)	(1,586)
Net cash inflow from operating activities	29,971	35,095

**16. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1995 £'000	1994 £'000
Cash at bank and in hand at 1 April	18,848	17,407
Net cash (outflow)/inflow	(3,626)	1,441
Cash at bank and in hand at 31 March	15,222	18,848

**17. FORWARD FOREIGN EXCHANGE COMMITMENTS**

The Company has outstanding forward foreign exchange contracts, entered into in the normal course of business, the value of which at 31 March 1995 amounted to £6,300,910 (1994 - £7,412,273).

**18. PENSIONS**

The Company is an associated company of The General Electric Company, p.l.c. ("GEC") and all its U.K. employees who are members of a pension plan are members of The GEC Plan ("the Plan"), the principal pension plan of the GEC Group. The Plan is funded and is of the "defined benefit" type. Particulars of the most recent actuarial valuation will be disclosed in the report and accounts of GEC for the year ended 31 March 1995.

The pensions cost charge of the Company in respect of members who are members of the Plan consists of employers' contributions payable which are similar across the Group as a whole as a percentage of pensionable earnings. Based on the advice of a qualified actuary, there was no Company contribution to the Plan in the year (1994 - £Nil). The current valuation exercise as at 5 April 1994 was completed in June 1995. A charge for the year ended 31 March 1995 has been made in the accounts of GEC and will not be recharged to the Company. Accordingly there is no pension cost charge in the year ended 31 March 1995. Contributions at 6 per cent of members' pensionable pay commenced with effect from 1 April 1995.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1995****19. 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, a company incorporated in the United States of America.