

PIFCO	
salton	TOWER
Russell Hobbs	CARMEN

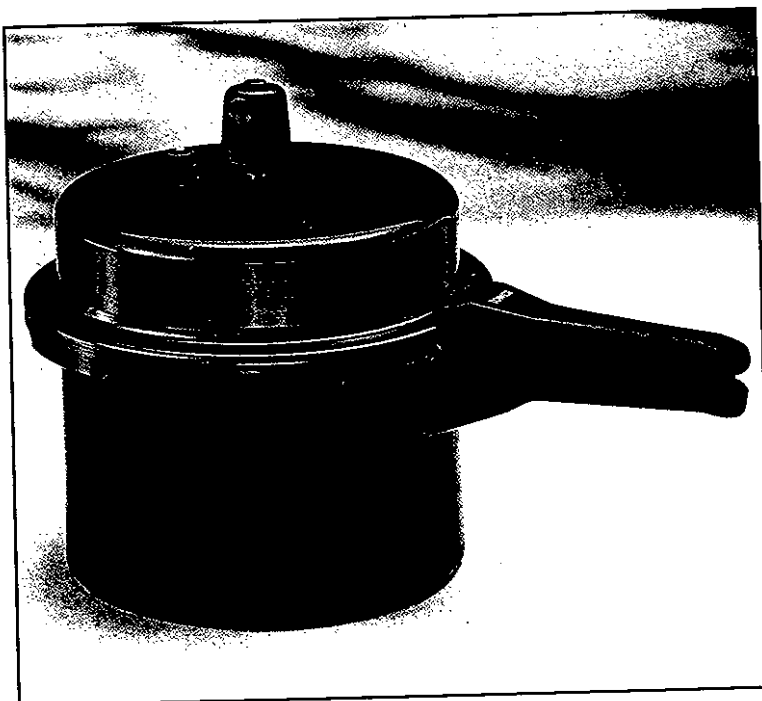


PIFCO	
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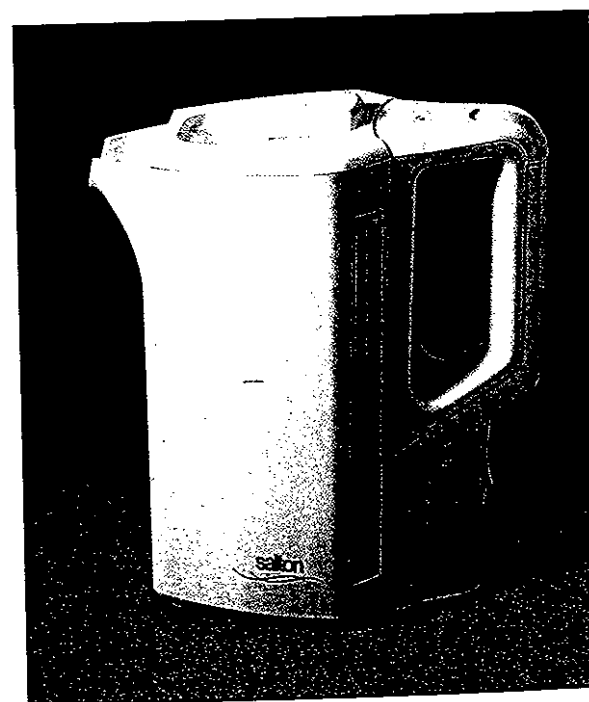
NEW  
PRODUCTS



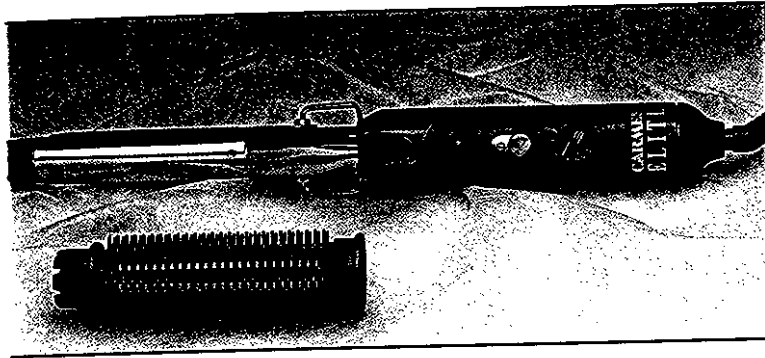
RUSSELL HOBBS KNIGHTSBRIDGE GREEN DISTINCTIONS  
A new coloured range of kitchen appliances.



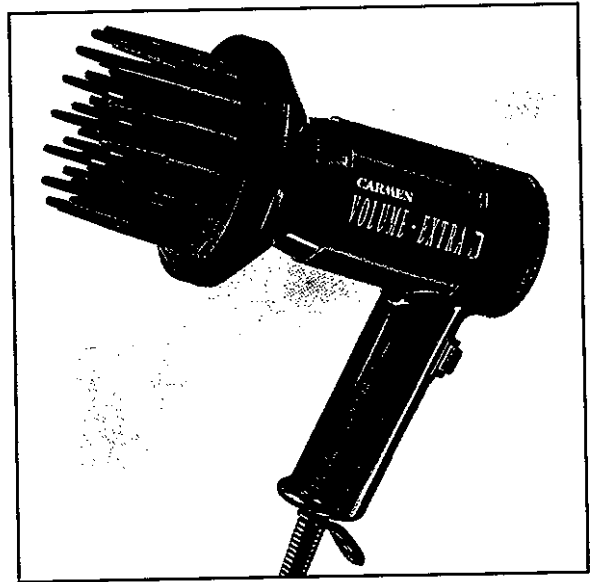
TOWER BURGUNDY DISTINCTIONS PRESSURE COOKER  
Adding colour to pressure cookers.



SALTON JUG KETTLE  
A new value for money jug kettle.



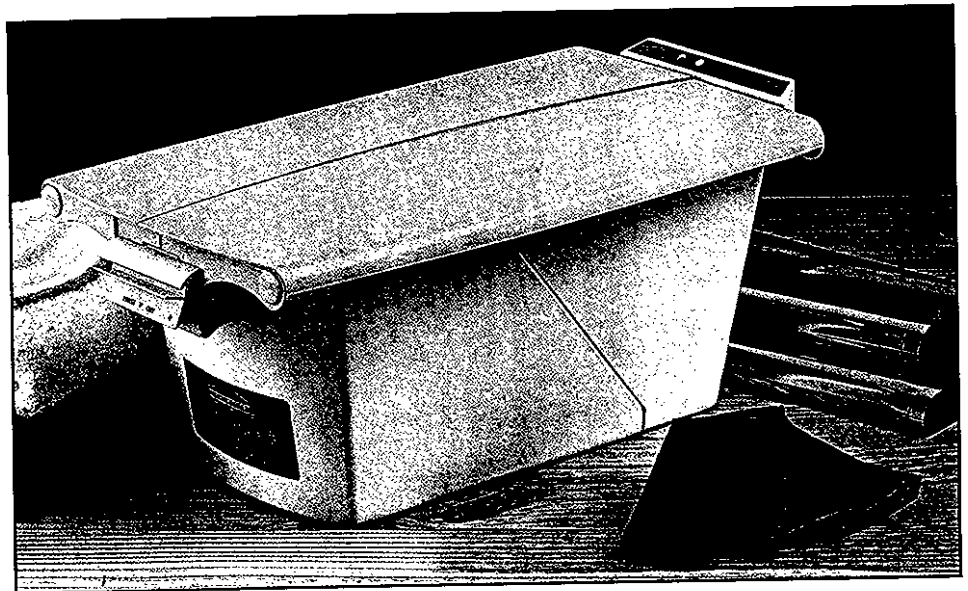
**CARMEN ELITE 2 IN 1 STYLING BRUSH**  
A quality brush and tong with variable heat settings.



**CARMEN VOLUME EXTRA HAIRDRYER**  
Adds body and root lift to hair.



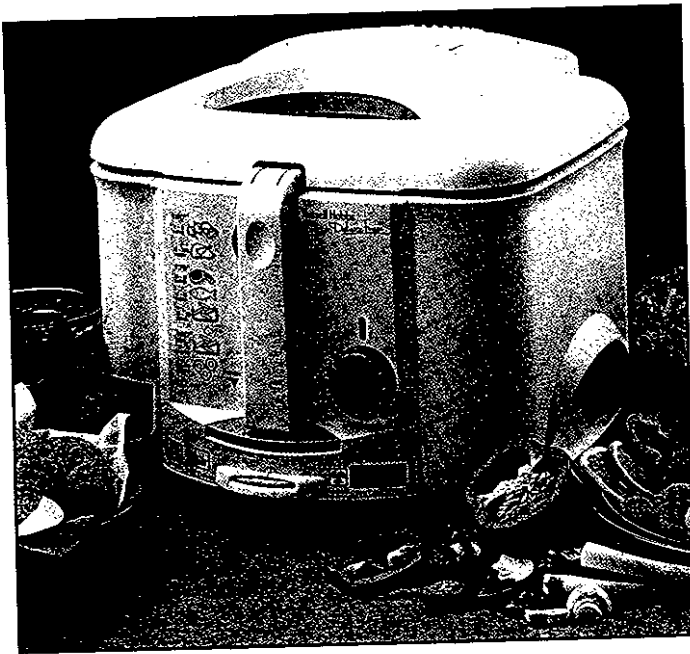
**PIFCO AIR PURIFIERS**  
State of the art HEPA filtration for better air quality.



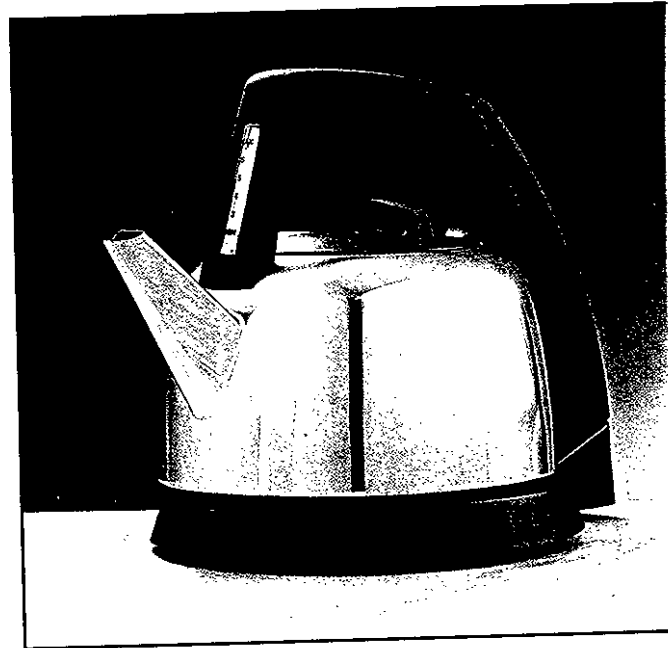
**PIFCO WAX BATH**  
Pain relief for arthritis sufferers.

# Russell Hobbs

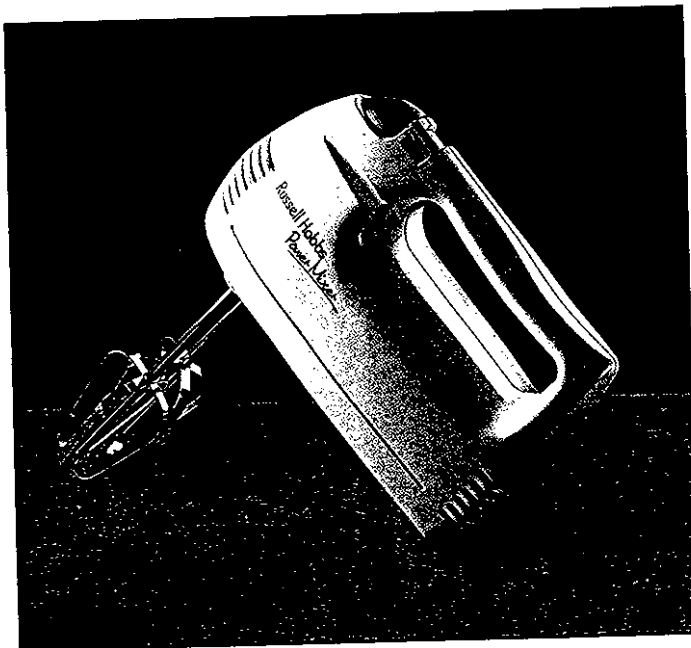
The premium brand name in the UK electrical housewares market. Its position reflects the highest level of quality coupled with up to date product designs and features.



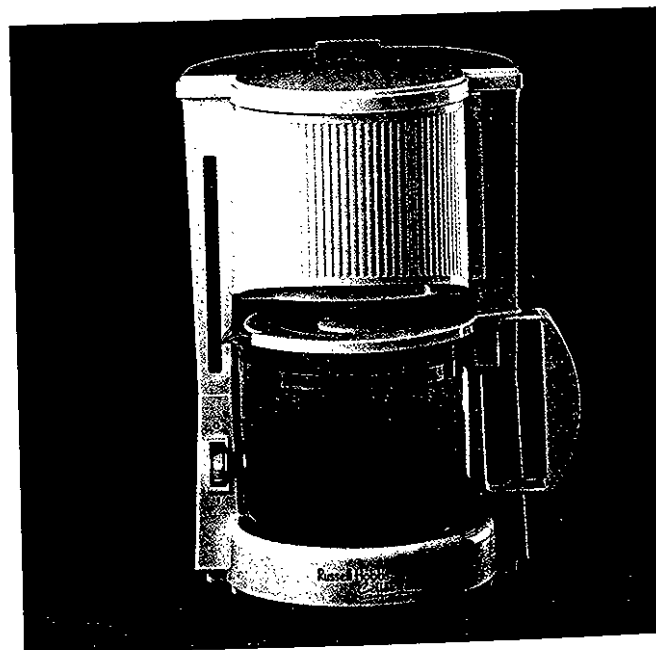
**SIGNATURE DEEP FAT FRYER**  
With unique 'moisture extraction' fan.



**CLASSIC K5 KETTLE**  
Updated styling for Russell Hobbs' Classic kettle.



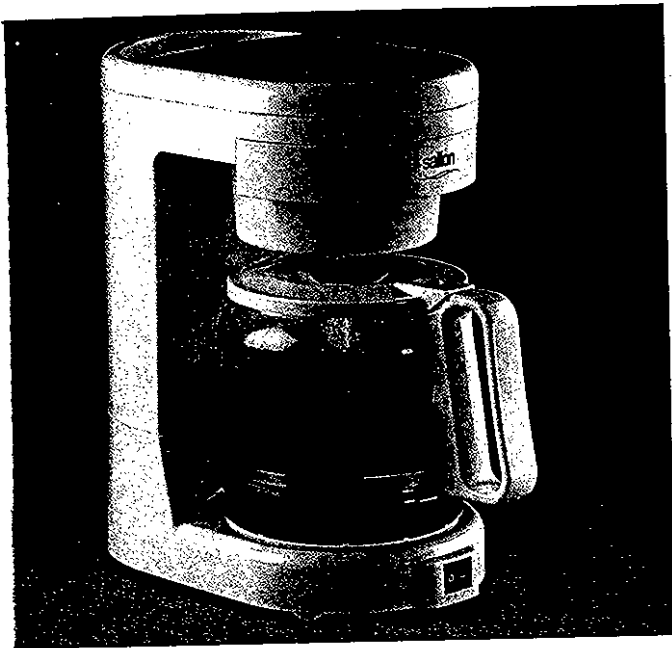
**SIGNATURE POWER MIXER**  
A success in food preparation.



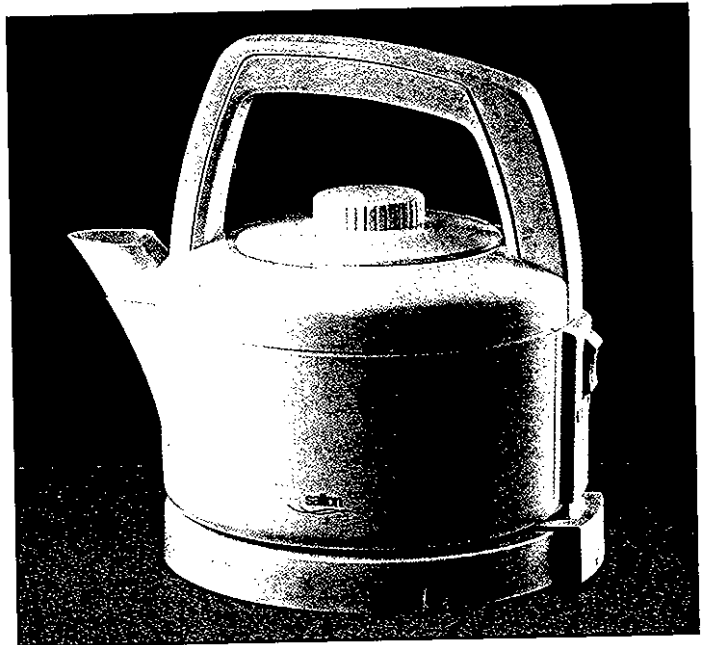
**NEW COFFEE MAKER**  
Hot filter coffee in minutes.

# salton

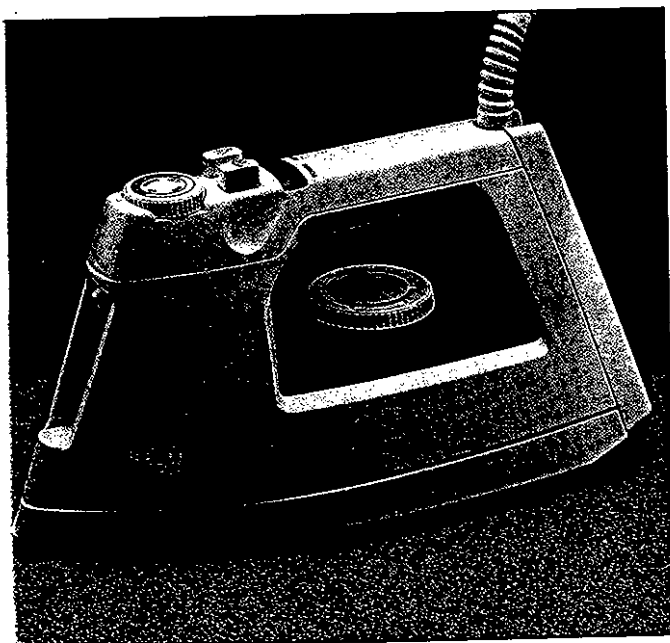
Good quality,  
kitchen appliances at  
keen prices.



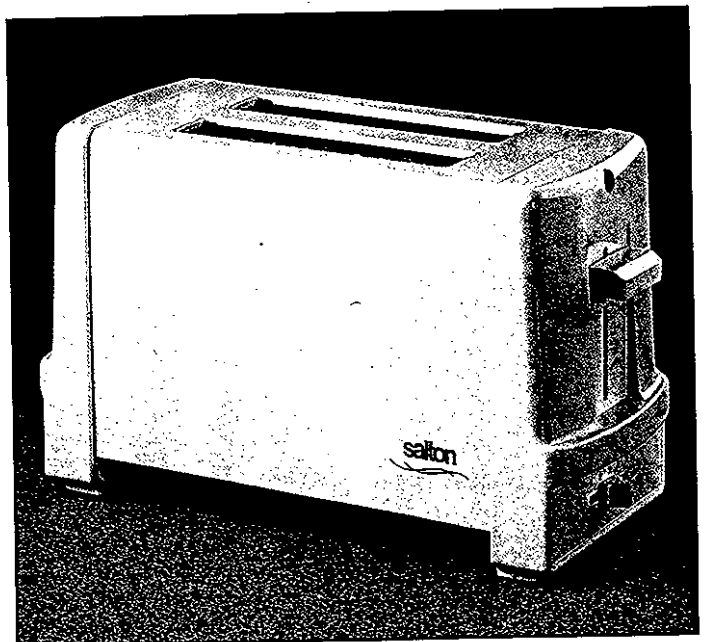
10 CUP COFFEE MAKER



CORDLESS TRADITIONAL KETTLE



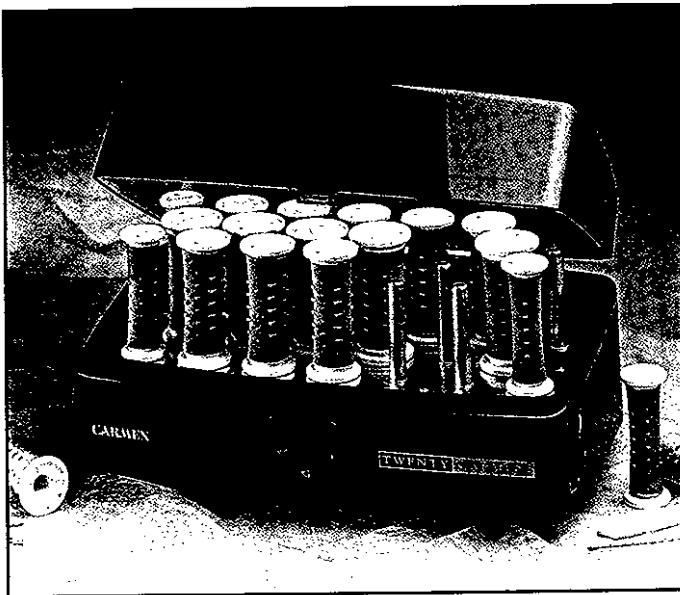
SHOT OF STEAM IRON



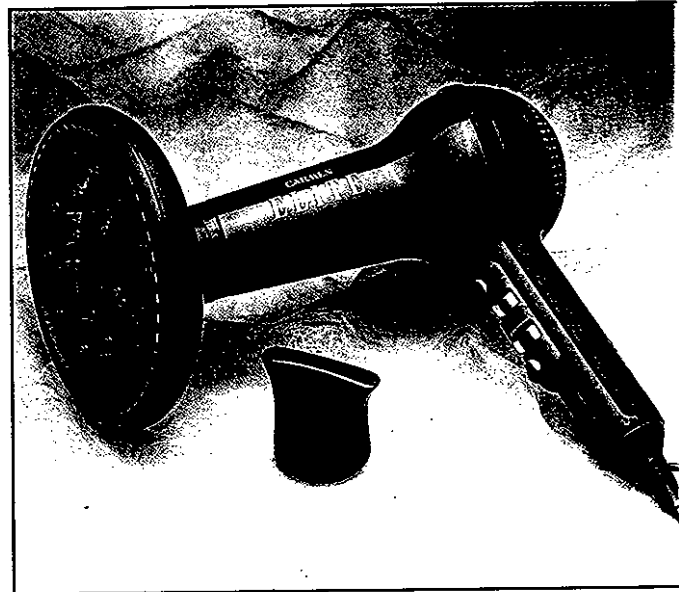
2 SLICE TOASTER

# CARMEN

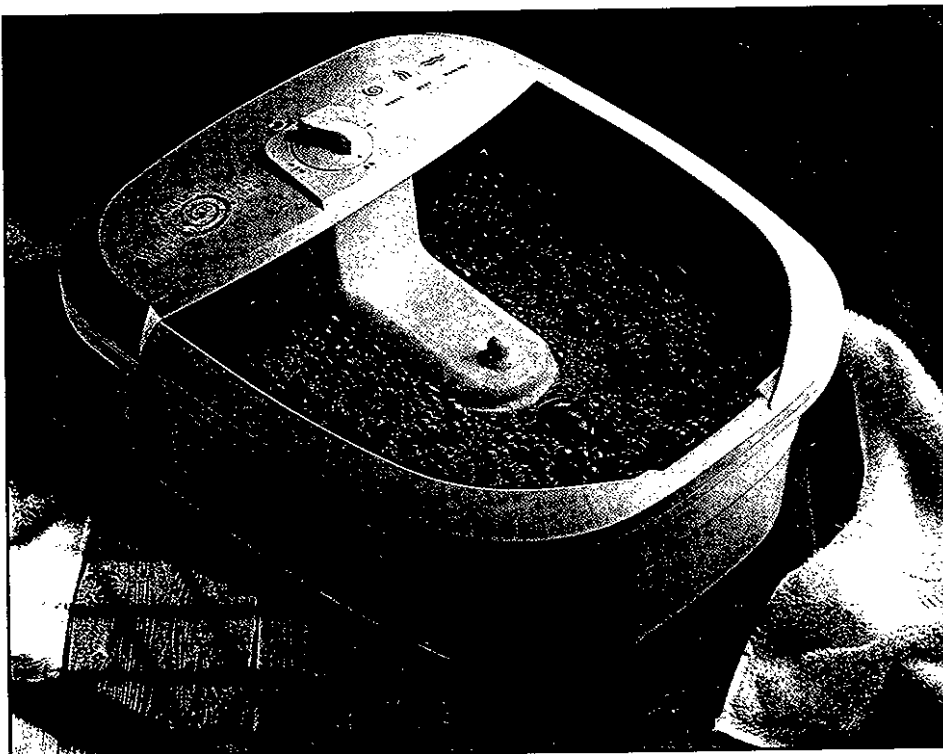
A premium brand marketed primarily at female consumers in the hair and personal care markets



**TWENTY CARMENS**  
A premium quality set.



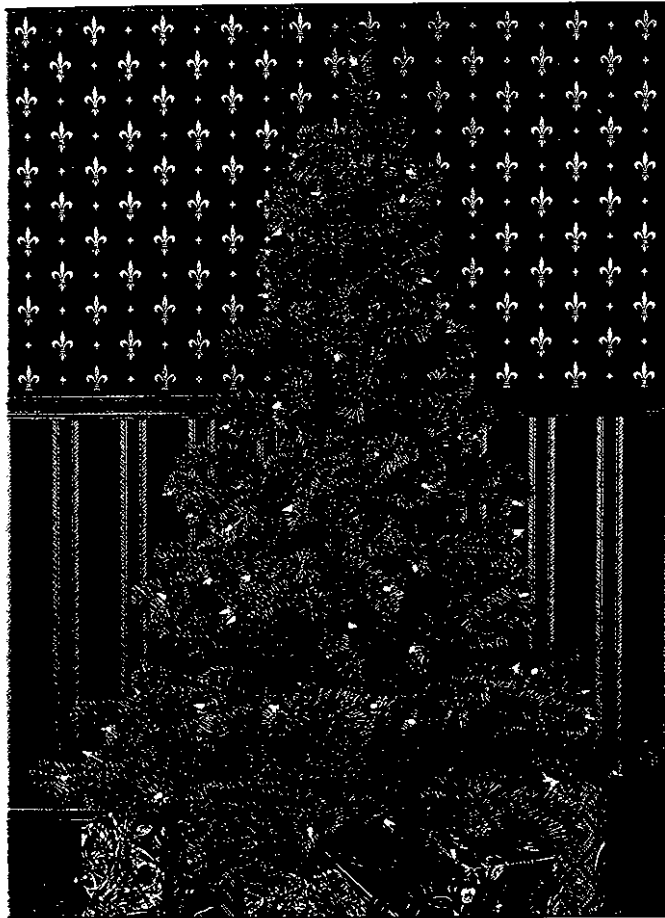
**ELITE HAIRDRYER**  
Advanced electronic controls for precision styling.



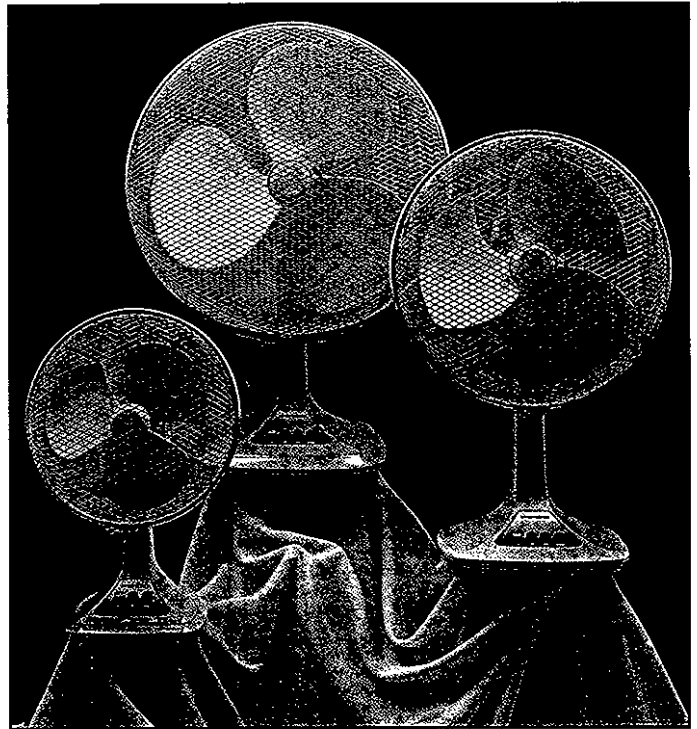
**WHIRLBATH**  
A jacuzzi for sore feet.

# PIFCO

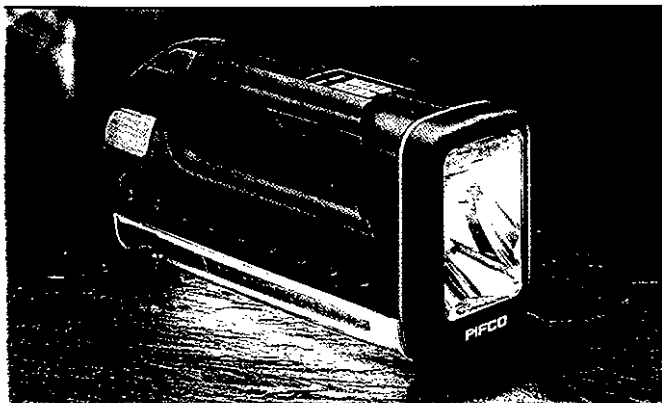
An established brand in Air Treatment, Travel, Lighting products and Haircare. Pifco is developing innovative new products that will provide excellent value for consumers.



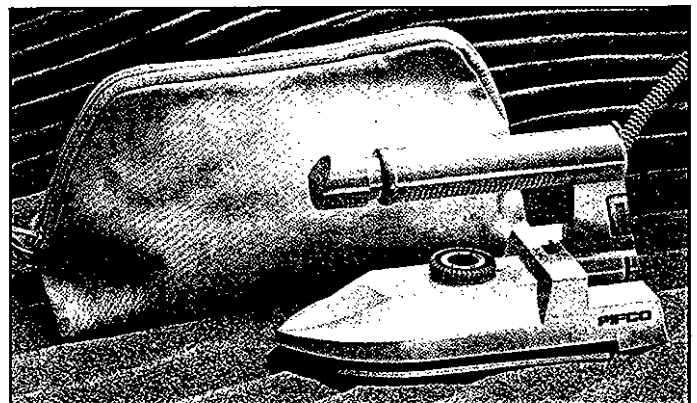
5FT CHRISTMAS TREE WITH LIGHTS  
Now all in one package.



AIR TREATMENT  
A new range of desk fans.



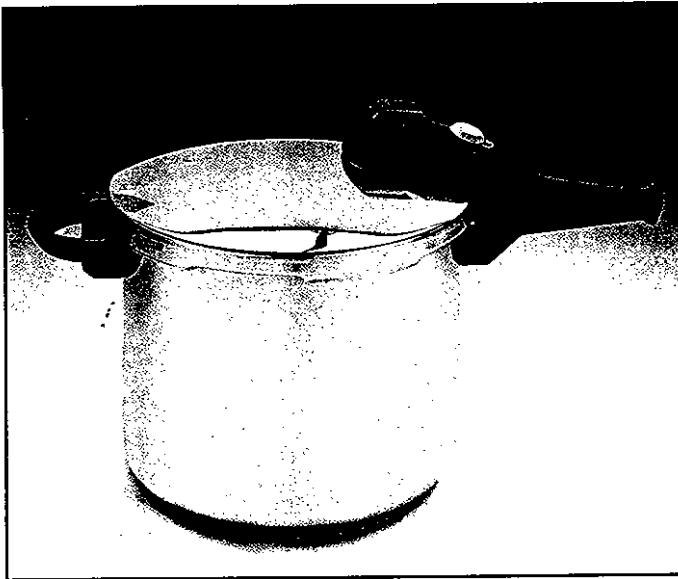
MULTI PURPOSE LANTERN  
Ideal for the motorist.



WORLDWIDE TRAVEL IRON  
With 'jet of steam' feature.

# TOWER

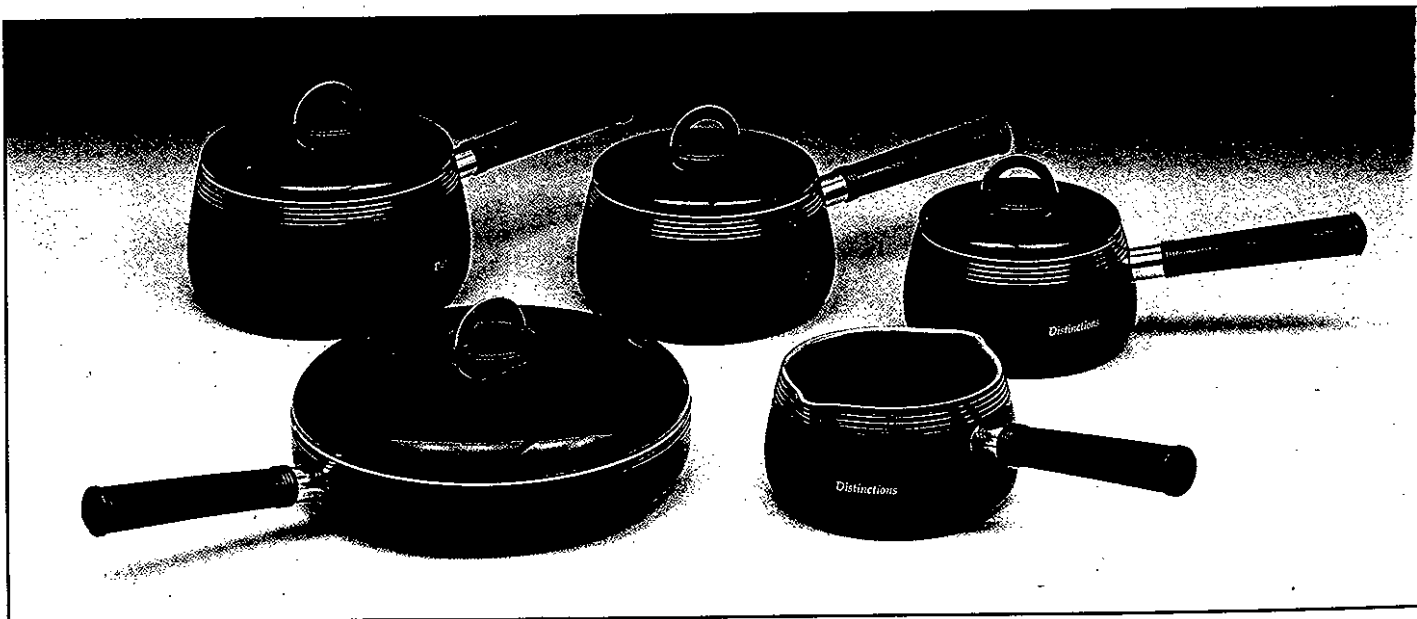
An established cookware brand, renowned for quality non-stick cookware and pressure cookers.



**RAPIDE CHEF PRESSURE COOKER**  
Top quality 18/10 stainless steel pressure cooker.

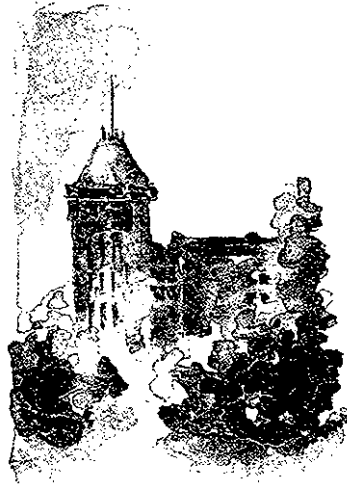


**SLATE GREY FRY PANS**  
Quality frying pans at keen prices.



**DISTINCTIONS OXFORD BLUE COOKWARE**  
A new colourway, to tie in with Russell Hobbs' coloured housewares range.

<b>PIFCO</b>	
<b>salton</b>	<b>TOWER</b>
<b>Russell Hobbs</b>	<b>CARMEN</b>



### MISSION STATEMENT

The Pifco Group specialises in the manufacture and marketing of small electrical appliances and cookware. It aims to become a significant force in Europe by organic growth and by acquisitions.

The Group exists for the benefit of:-

1. Its shareholders - by giving them annual dividend growth and long term capital appreciation from the consistent achievement of increased profits.
2. Its customers and consumers - by providing products which delight them and represent excellent value in terms of quality, design, performance, reliability and price, together with a first class service.
3. Its employees - by offering secure long term employment, a fair and equitable reward system (including performance-related bonuses, share incentives and share options for senior executives), personal career development and safe and pleasant working conditions.
4. The community - by acting as a good corporate citizen by giving support to the less fortunate in society and by adopting environmentally sound policies both within the company and outside.

PIFCO HOLDINGS PLC  
ANNUAL REPORT & ACCOUNTS  
SALIENT FIGURES

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	1995 £000	1994 £000	% Change
Turnover	37,383	36,753	2
Group Profit before Taxation	2,702	2,653	2
Group Profit after Taxation	2,638	2,521	5
Earnings per Share	16.0p	15.4p	4
Dividends per Share	4.95p	4.5p	10
Dividend Cover	3.2	3.4	
Return before Taxation on Shareholders' Funds	14.8%	16.3%	
Net Assets per Share	£1.16	£1.05	10

## CHAIRMAN'S STATEMENT

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### FINANCIAL REVIEW

After reporting a reasonable performance in the first half the final results for the year are disappointing.

Group Profit for the year after taxation grew by almost 5% and earnings per share 4%.

Sales in the second half started satisfactorily but in the last quarter to 30th April they fell below budget and the previous year and this was the principal reason for the shortfall in our expected profit level.

We continue to experience erratic demand from our world wide customer base with some months being good and others less so. The TV advertising campaign in 1994 for the new Carmen Elite hairdryer did not meet our expectations in terms of sales volumes. Furthermore we experienced some supply and technical difficulties on certain new product lines towards the end of the year which also resulted in lost sales.

Operating profit was £2.6m which represented a profit margin of 6.9% on sales as against 6.8% last year and reflects a continuing tight control on costs when viewed against the background of large increases in many material costs.

Net cash balances at 30th April were similar to last year at £ 3.7m.

Investment income was £116k compared with £139k last year.

### DIVIDENDS

The total dividends for the year declared and proposed amount to 4.95p, an increase of 10% on 1993/4. This distribution is covered 3.2 times and leaves £1.8m to be retained for the development of the business.

### ACTIVITY REVIEW

The five brands had a mixed year. Tower continued to show improvement from a small base. Russell Hobbs started the year well but suffered from the non availability of some of its new product offerings and tough market conditions. Pifco, Salton and Carmen all showed some improvement.

Our strategy with regard to focussing upon two segments of the market place, the premium end and the budget price end, has met with a positive reception but, as yet we have not seen the benefits in the needed significant additional volume to compensate for the reduced margins on certain products.

Export sales improved to 27% of total turnover compared with 24% last year.

### ACQUISITIONS

The Group has commenced legal proceedings in France against Jean Pierre Feldblum and others in relation to the abrupt termination by him of negotiations for the acquisition of the Babylliss Group. The Directors, based upon the advice of leading counsel, are optimistic as to the outcome of these legal proceedings. As a consequence the legal and professional fees incurred have been included in other debtors. The matter is likely to come before the French courts later in the year.

We continue to seek a suitable acquisition as we believe that this is the correct strategy for the Group to fulfil its European potential.

## CHAIRMAN'S STATEMENT

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### FUTURE PROSPECTS

The 1995/6 year has started slowly and it is too early to make any forecast in view of the current uncertainty in the market place.

The outlook in the UK remains difficult and challenging as there is no consumer confidence in the economy. Our main priority is to materially increase sales at profitable margins. There is little to no price inflation on existing products so our commitment to introducing new products with acceptable profit margins is important to the future of the business.

We have high hopes for a new element technology that we are already using on our wax bath product and which we are planning to introduce to kettles during the course of the year. This technology has significant benefits for the consumer. We are continuing to invest in the development and the manufacturing process.

We are also expanding our housewares range into the food preparation area. The initial reception for these new products has been positive.

In the export field we have recently appointed the well-regarded Farberware Company of the USA to represent the Russell Hobbs brand in the USA, Canadian and Mexican markets. Farberware has a significant presence in North America in the stainless steel cookware market. We believe this relationship will yield growing sales for the Group.

We have decided to streamline our distribution arrangements and will be closing one of our warehouses and upgrading the facilities at our Manchester and Wombourne warehouses. The costs of these changes will be more than covered by the expected profit on the sale of the surplus warehouse property.

On 1st May it was announced that we had strengthened the Board and it is with great pleasure that I welcome Chris Berry who has been with the Group for over 6 years in the position of Finance Director of Pifco Limited.

On the same date James Wallace was appointed to the position of Deputy Chairman. He has been a Director of the Company since 1976 and the new position recognises the significant contribution he has made since that date.

We have a capable team of experienced people and our future depends on their energy, ideas and results.

My warm thanks to all the staff in the Group for their support during the past year.

Michael Webber  
Chairman

## REPORT OF THE DIRECTORS

The Directors submit their Report on the affairs of the Group together with the Accounts and Auditors' Report for the year ended 30th April 1995.

### PRINCIPAL ACTIVITIES

The Pifco Group specialises in the manufacture and marketing of small electrical appliances and cookware under the brand names Pifco, Salton, Carmen, Russell Hobbs and Tower.

### GROUP RESULTS

The Group results for the year, and the appropriation thereof, are set out in the Consolidated Profit and Loss Account on page 17, and the review of the business is contained in the Chairman's Statement.

The Directors recommend that a Final Dividend of 2.85p per share be paid on the Ordinary and 'A' Ordinary Shares, making together with the Interim Dividend of 2.1p per share already paid, a total of 4.95p per share for the year.

### DIRECTORS

The members of your Board and their interests in the Company's shares are as follows:

	Ordinary Shares		Options on Ordinary Shares under the Company's Share Option Schemes	
	1995	1994	1995	1994
<b>BENEFICIAL INTEREST</b>				
M. Webber	1,912,132	1,912,111	422,866	422,866
J.A.S. Wallace	250,064	250,043	344,338	344,338
J.M. Webber	468,734	491,234	—	—
C. Berry (appointed 1st May 1995)	7,112	7,091	29,514	29,514
			'A' Ordinary Shares	
	1995	1994	1995	1994
<b>INTERESTS AS TRUSTEES</b>				
M. Webber	565,579	570,389	44,000	44,000
J.A.S. Wallace	224,691	229,501	44,000	44,000
J.M. Webber	284,844	289,678	44,000	44,000

There have been no changes in the above shareholdings between the year end and 8th August 1995 other than the disposal of 3,170 Ordinary Shares held jointly as Trustees.

None of the Directors had any interest during the year in any contract in relation to the Group's business.

### SHARE CAPITAL

So far as is known the only Shareholders, other than shown above, having a beneficial interest amounting to 3% or more of the Share Capital of the Company at 8th August 1995, were as follows:

	Ordinary Shares	'A' Ordinary Shares	% of Share Capital
Nutraco Nominees Ltd.	3,139,024	175,000	20.08
Edinburgh Fund Managers plc	614,662	1,016,092	9.88
Imperial Group Pension Trust Ltd.	—	1,000,000	6.06
Norwich Union Life Assurance Society	94,705	639,000	4.45
The N.E.U. Mutual & Avon Group	—	660,000	4.00
L. Tapper	561,720	10,000	3.46
Kleinwort Benson Investment Management Ltd.	—	505,054	3.05

## REPORT OF THE DIRECTORS

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### ACQUISITION OF THE COMPANY'S OWN SHARES

At the end of the year, the Directors had authority, terminating on 29th March 1996, to purchase through the market 2,462,204 of the Company's 10p Shares at prices not less than 50p per share and not more than 105% of the average of the middle market quotations for such shares as derived from the International Stock Exchange Daily Official List for the 10 dealing days immediately preceding the date of purchase. At this time the Directors are not planning to immediately exercise their authority in this regard but keep this matter under regular review.

### NEW EXECUTIVE SHARE OPTION SCHEME

No further options may be granted under the existing Share Option Schemes after 2nd October 1995. Accordingly, the Directors wish to take this opportunity to propose and seek your approval to a new scheme (the "1995 Scheme").

The 1995 Scheme will be administered by the Board. In accordance with the recommendation of the Association of British Insurers and the National Association of Pension Funds contained in the joint guidance note issued in 1993, all options granted under the 1995 Scheme will be subject to a performance target set by the Board, the achievement of which will, in normal circumstances, be a condition precedent to the exercise of the option. Initially, it is intended that options will be granted with a target which will require the growth in the Company's earnings per share over a rolling three year period to exceed the rate of growth of the Retail Price Index for the same period by 6.0 per cent.

The aggregate exercise price of subsisting options to subscribe for new Ordinary Shares held by an individual under the existing schemes and the 1995 Scheme may not exceed four times their remuneration. An individual who is subject to this limit and who exercises an option will be eligible for the grant of a replacement option; such replacement options will not, however, be granted unless the Board is satisfied with the performance of the Company over the previous two or three years. As will be seen from the summary set out in the Notice of meeting, the number of new Ordinary Shares which may be made available for the 1995 Scheme in any ten year period is limited to 5 per cent. of the Company's issued share capital from time to time.

A summary of the principal features of the 1995 Scheme is set out in Appendix 1 of the Notice of meeting.

### ARTICLES OF ASSOCIATION

Since the Company's present Articles of Association were adopted, the subsequent enactment of the Companies Act 1985 and the Companies Act 1989 and the introduction of the revised Listing Rules of the London Stock Exchange have all contributed to changes in company law and practice.

The Board considers, therefore, that an opportunity should now be taken to introduce certain changes which would be implemented by amending the Company's existing Articles of Association. Most of the changes are of a technical or administrative nature, but the principal alterations are summarised and described in Appendix 2 of the Notice of meeting.

### FIXED ASSETS

Changes in Fixed Assets are shown in Notes XII and XIII to the Accounts. In the opinion of the Directors the market value of the land and buildings exceeds their book values.

### DISABLED EMPLOYEES

Applications for employment by disabled persons are 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 with the Group continues and that appropriate training is given. 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.

## REPORT OF THE DIRECTORS

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### 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 about the Group and those issues affecting them as employees. This objective is achieved through formal and informal meetings as well as a periodic newsletter.

A profit sharing scheme has been operating successfully since its inception in 1979, and in 1987 the Group introduced a policy whereby employees have their remuneration directly linked to profitability as well as individual personal performance objectives where appropriate. There is also a share option scheme for the senior managers and executive Directors.

### CHARITABLE CONTRIBUTIONS

During the year the Group donated £25,000 for charitable purposes.

### DIRECTORS' INSURANCE

The Group maintains insurance policies on behalf of the Directors against liability arising from negligence, breach of duty and breach of trust in relation to the Group.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that period.

It is also the Directors' responsibility to maintain adequate accounting records, safeguard the assets of the Group, and to make every effort to prevent and detect fraud and other irregularities.

In preparing the financial statements on a going concern basis the Directors believe reasonable and prudent judgements and estimates have been made. In line with their responsibilities, the Directors confirm that they believe suitable accounting policies have been consistently applied and that relevant applicable accounting standards have been followed.

### CORPORATE GOVERNANCE

The Directors are fully committed to maintaining a high standard of business ethics at all levels within the Group. The Board believes that the systems in place and principles applied, which have been refined and developed over the Group's long history, stand us in good stead.

The Directors acknowledge the recommendations of the Cadbury Committee on the Financial Aspects of Corporate Governance, and wherever possible conduct the Group's business in accordance with the spirit of these recommendations. There are, however, certain areas of the Code of Best Practice ("the Code") where compliance has either not yet been established or, given the size of the Group's operations, would prove to be impractical.

The Board of Directors comprises an executive chairman, two other executive Directors and one non-executive Director. This small number of Directors reflects the impracticality of establishing separate remuneration and audit committees. Liaison with the Auditors and the appointment and remuneration of Directors are dealt with by the Board as a whole. The main trading subsidiary Board meets eleven times per year.

Whilst the Directors and Auditors are not required to report on internal control, the Directors are satisfied that the Group has an effective system of internal financial control.

The Directors consider that the Company and the Group have adequate resources to finance their activities for the foreseeable future, and that therefore it is appropriate to adopt the going concern basis in preparing the financial statements.

Except as noted above the Company has complied with the requirements of the Code throughout the year.

## REPORT OF THE DIRECTORS

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The auditors Binder Hamlyn have confirmed that in their opinion: with respect to the Directors' statement on going concern, the Directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and the statement is not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' statement appropriately reflects the Company's compliance with the other paragraphs of the Code in force specified by the Listing Rules for their review. They have carried out their review in accordance with the Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures, or on the ability of the Group to continue in operational existence.

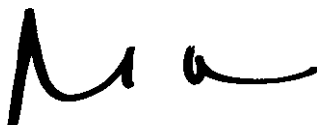
### CLOSE COMPANY STATUS

The Company is not a close company within the provisions of the Income & Corporation Taxes Act 1988.

### AUDITORS

From 1st October 1994 our auditors, BDO Binder Hamlyn, practice in the name, Binder Hamlyn and have signed their audit report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the Company will be put to the Annual General Meeting.

On Behalf of the Board  
Michael Webber  
Chairman  
18th August 1995



CONSOLIDATED PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 30th APRIL 1995

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Note		1995 £000	1994 £000
II	Turnover	37,383	36,753
III	Operating Costs	34,797	34,239
	Operating Profit	2,586	2,514
IV	Net Interest Receivable	116	139
	Profit on Ordinary Activities before Taxation	2,702	2,653
V	Tax on Profit on Ordinary Activities	64	132
IX	Profit for the Financial Year	2,638	2,521
X	Dividends	818	739
XXI	Retained Profit for the Financial Year	1,820	1,782
XI	Earnings Per Share	16.0p	15.4p

Turnover and operating profit are derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30th APRIL 1995

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Profit for the Financial Year	2,638	2,521
Exchange difference	(31)	11
Total Recognised Gains relating to the Financial Year	2,607	2,532

# CONSOLIDATED BALANCE SHEET AS AT 30th APRIL 1995

Note		1995 £000	1994 £000
	FIXED ASSETS		
XII	Tangible Fixed Assets	9,413	9,877
	CURRENT ASSETS		
XIV	Stocks	9,095	7,166
XV	Debtors	5,194	5,366
	Cash at Bank	6,714	5,297
		21,003	17,829
XVI	CREDITORS: Amounts falling due within one year	11,051	10,234
	NET CURRENT ASSETS	9,952	7,595
	TOTAL ASSETS LESS CURRENT LIABILITIES	19,365	17,472
XVII	CREDITORS: Amounts falling due after more than one year	86	163
XVIII	DEFERRED TAXATION	70	63
		156	226
	NET ASSETS	19,209	17,246
	CAPITAL AND RESERVES		
XIX	Called-up Share Capital	1,653	1,641
XX	Share Premium Account	567	405
	Capital Redemption Reserve	226	226
XXI	Profit and Loss Account	16,763	14,974
	TOTAL EQUITY SHAREHOLDERS' FUNDS	19,209	17,246

M. Webber  
J.A.S. Wallace

} Directors

*J.A.S. Wallace*

The accounts set out on pages 17 to 29  
were approved by the Board on 18th August 1995

# BALANCE SHEET AS AT 30th APRIL 1995

Note		1995 £000	1994 £000
	FIXED ASSETS		
XIII	Shares in Subsidiary Companies	8,696	8,696
	CURRENT ASSETS		
XV	Debtors	4,685	3,440
	Cash at Bank	65	37
		<hr/>	<hr/>
		4,750	3,477
XVI	CREDITORS: Amounts falling due within one year	1,265	538
	NET CURRENT ASSETS	<hr/> 3,485	<hr/> 2,939
	TOTAL ASSETS LESS CURRENT LIABILITIES	12,181	11,635
XVII	CREDITORS: Amounts falling due after more than one year	<hr/> 8,135	<hr/> 8,135
	NET ASSETS	<hr/> 4,046	<hr/> 3,500
	CAPITAL AND RESERVES		
XIX	Called-up Share Capital	1,653	1,641
XX	Share Premium Account	567	405
	Capital Redemption Reserve	226	226
XXI	Profit and Loss Account	1,600	1,228
	TOTAL EQUITY SHAREHOLDERS' FUNDS	<hr/> 4,046	<hr/> 3,500

M. Webber  
J.A.S. Wallace } Directors

*J.A.S. Wallace*

The accounts set out on pages 17 to 29  
were approved by the Board on 18th August 1995

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30th APRIL 1995

Note		1995 £000	1994 £000
XXV	Net cash inflow from operating activities	1,839	3,356
	Return on investments and servicing of finance:		
	Interest received	192	267
	Interest paid	(91)	(66)
	Dividends paid	(773)	(702)
		(672)	(501)
	Tax (paid)/received	(32)	483
	Investing activities:		
	Purchase of tangible fixed assets	(1,382)	(4,357)
	Proceeds of disposal of tangible fixed assets	21	99
		(1,361)	(4,258)
	Net cash outflow before financing	(226)	(920)
	Financing: Issue of shares	174	46
XXV	Decrease in cash and cash equivalents	(52)	(874)

## NOTES TO THE ACCOUNTS

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Note

### I ACCOUNTING POLICIES

#### Basis of Accounting:

These Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### Consolidated Accounts:

The Consolidated Accounts include the Accounts of the Holding Company and all its subsidiary companies for the year ended 30th April 1995.

A separate Profit and Loss Account dealing with the results of the Holding Company only has not been presented as permitted by Section 230 of the Companies Act 1985.

#### Goodwill:

Goodwill arising on acquisition of subsidiaries is written off against reserves.

#### Foreign Currencies:

Transactions during the year are recorded at the rate of exchange ruling at the date of transaction or at the rate of the relevant forward contract. The accounts of foreign subsidiaries are translated into sterling using exchange rates ruling at the end of the year.

Exchange differences arising from the restatement of opening Balance Sheets of subsidiary companies are dealt with through Reserves.

#### Depreciation of Tangible Fixed Assets:

Tangible fixed assets with the exception of freehold land are depreciated on a straight line basis so as to write down their cost to their residual value over their estimated useful lives at the following annual rates:

Freehold Buildings 2%	Computers 25%
Plant and Machinery 15%	Motor Vehicles 25% – 30%
Tooling 33 1/3% – 50%	

Leasehold Properties are written off over the period of the leases.

#### Stocks:

Stocks are valued at the lower of cost, calculated on the first in first out basis, (including in the case of Group manufacture, an appropriate proportion of production overheads) and net realisable value on a basis consistent with previous years.

#### Deferred Taxation:

Provision is made for deferred taxation under the liability method except to the extent that the Directors are of the opinion that a liability will not crystallize in the foreseeable future.

#### Pensions:

Contributions to the defined benefit pension scheme, based on actuarial advice, are charged to the Profit and Loss Account on a basis that spreads the expected costs of benefits over the employees' working lives with the Group. Any funding surpluses or deficits that may arise from time to time are amortised over the remaining service lives of the members.

Payments to the defined contribution schemes are charged to the Profit and Loss account as they are incurred.

#### Warranty Provision:

Provision is made in the Accounts for the estimated cost of honouring unexpired guarantees on the Group's products. This provision is included in creditors falling due within one year.

## NOTES TO THE ACCOUNTS

Note		1995 £000	1994 £000
II	<p>TURNOVER is the value of sales to third parties after deducting value added tax, returns and allowances</p> <p>Export turnover was £9,995,000 (1994 – £8,877,000)</p>	37,383	36,753
	<p>A more detailed analysis of turnover, operating profit and net assets between geographical markets is not provided as in the opinion of the Directors such disclosure would prejudice the Group's interests.</p>		
III	<p>OPERATING COSTS</p> <p>Raw materials and consumables</p> <p>Change in stocks of finished goods and work in progress</p> <p>Staff costs (note VI)</p> <p>Depreciation</p> <p>Warranty settlement</p> <p>Auditors' remuneration - audit fee</p> <p>Auditors' remuneration - non audit fees</p> <p>Other operating charges</p>	20,964 (1,833) 7,084 1,663 — 52 111 6,756	18,715 67 6,909 1,451 (184) 50 28 7,203
		34,797	34,239
IV	<p>NET INTEREST RECEIVABLE</p> <p>Interest receivable</p> <p>Interest payable</p>	198 (82)	193 (54)
		116	139
V	<p>TAXATION</p> <p>Taxation on the profit for the year</p> <p>Deferred taxation</p>	44 20	94 38
		64	132

The tax charge for the year is reduced due to the lower rate of taxation applicable to profits arising in an overseas subsidiary and the utilisation of tax losses arising from a subsidiary acquired in earlier years. UK corporation tax has been calculated at a rate of 33% (1994 – 33%). Overseas tax has been provided at the appropriate rate.

# NOTES TO THE ACCOUNTS

Note		1995 £000	1994 £000
VI	STAFF COSTS		
	Wages and salaries	6,332	6,168
	Social security costs	498	471
	Other pension costs	254	270
		<hr/>	<hr/>
		7,084	6,909
		<hr/>	<hr/>
	The average weekly number of persons employed during the year was	571	593
		<hr/>	<hr/>
VII	DIRECTORS' REMUNERATION		
	The staff costs shown above include the following remuneration in respect of Directors:		
	Salary and benefits	202	191
	Bonus payments	12	7
	Pension contributions	47	28
		<hr/>	<hr/>
		261	226
		<hr/>	<hr/>
	Bonus payments are based on Group performance targets.		
	The emoluments of the Chairman and highest paid director were:		
	Salary and benefits	106	101
	Bonus payments	7	4
	Pension contributions	25	15
		<hr/>	<hr/>
		138	120
		<hr/>	<hr/>
	The pension figure for 1994 was reduced because the Group benefited from a pension contribution holiday. The additional contribution in 1995 was £10,000.		
	The Directors received emoluments in the following ranges:		
		number	number
	£110,001 – £115,000	1	–
	£100,001 – £105,000	–	1
	£95,001 – £100,000	1	–
	£90,001 – £95,000	–	1
	Less than £5,000	1	1

## NOTES TO THE ACCOUNTS

Note

### VIII PENSIONS

The Group operates a defined benefit scheme and three defined contribution schemes for the benefit of employees in the United Kingdom and in Hong Kong. The defined benefit scheme is funded in advance by contributions from members at the rate set in the scheme rules, and from the employing company to meet the balance of the costs, at rates assessed by the actuary of the scheme in regular funding reviews. The scheme's assets are held in funds separate from the Group.

The cost of the defined benefit scheme was assessed as at 5th April 1993 by a qualified actuary using the Projected Unit Method of valuation. The principal assumptions were a rate of salary increase during service of 7% per annum, and a yield on all investments of 8% per annum. Pension increases are allowed for at the rates guaranteed in the scheme rules. The notional value of the assets of the defined benefit scheme at the latest valuation date was £6,026,000 and the scheme was fully funded.

For the purpose of the accounts for the year ended 30th April 1995 the surplus is being spread over the remaining service lives of the members.

		1995 £000	1994 £000
IX	PROFIT FOR THE FINANCIAL YEAR Profit for the financial year dealt with in the Accounts of the Holding Company	1,190	774
X	DIVIDENDS Interim Dividend of 2.1p per share (1994 – 1.9p) Proposed Final Dividend of 2.85p per share (1994 – 2.6p)	347 471 818	312 427 739
XI	EARNINGS PER SHARE Calculated on the basis of a weighted average of 16,465,635 (1994 – 16,400,008) shares of 10p each and Profit for the financial year of £2,638,000 (1994 – £2,521,000)	16.0p	15.4p

# NOTES TO THE ACCOUNTS

Note

XII	TANGIBLE FIXED ASSETS	Freehold	Long	Plant and	Total
		Land and	Leasehold	Motor	
		Buildings	Buildings	Vehicles	
		£000	£000	£000	£000
	Cost:				
	At 30th April 1994	4,765	664	11,268	16,697
	Exchange difference	—	—	(65)	(65)
	Additions	102	—	1,280	1,382
	Disposals	—	—	(473)	(473)
	At 30th April 1995	4,867	664	12,010	17,541
	Depreciation:				
	At 30th April 1994	305	122	6,393	6,820
	Exchange difference	—	—	(40)	(40)
	Charge for the year	79	12	1,572	1,663
	Disposals	—	—	(315)	(315)
	At 30th April 1995	384	134	7,610	8,128
	Net Book Value at 30th April 1995	4,483	530	4,400	9,413
	Net Book Value at 30th April 1994	4,460	542	4,875	9,877
				1995	1994
				£000	£000
XIII	SHARES IN SUBSIDIARY COMPANIES				
	Cost			8,696	8,696

The Company's principal trading subsidiaries, all of which are wholly owned, are as follows:

	Nature of Business	Class of Share Capital held
Pifco Limited	Sales & Marketing	Ordinary and Cumulative Preference
Pifco Manufacturing Limited	Manufacturing	Ordinary
Russell Hobbs Tower Limited	Sales & Manufacturing	Ordinary
Pifco Overseas Limited	Export Sales, New Product Development and Quality Control	Ordinary

All the above are registered, incorporated and operate in England with the exception of Pifco Overseas Limited which is registered, incorporated and operates in Hong Kong.

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# NOTES TO THE ACCOUNTS

Note		1995 £000	1994 £000
XVIII	DEFERRED TAXATION		
	Full provision has been made for Deferred Taxation as follows:		
	Accelerated capital allowances	40	33
	Other timing differences	30	30
		—	—
		70	63
		—	—

Provision has been made for UK tax which is payable on the proposed dividend from an overseas subsidiary. With this exception no provision has been made for additional taxation which may be payable if profits retained by an overseas subsidiary company were distributed as dividends. Tax losses of approximately £5,200,000 (1994 – £6,800,000) are available to be carried forward against future trading profits.

XIX	CALLED-UP SHARE CAPITAL	1995		1994	
		Authorised £000	Issued and Fully Paid £000	Authorised £000	Issued and Fully Paid £000
	Ordinary Shares of 10p each	1,350	961	1,350	949
	'A' Ordinary(Limited Voting)Shares of 10p each	1,250	692	1,250	692
	Unclassified Shares of 10p each	400	—	400	—
		—	—	—	—
		3,000	1,653	3,000	1,641
		—	—	—	—

The Ordinary Shares and 'A' Ordinary shares rank pari passu in all respects except that the 'A' Ordinary Shares carry one vote for every four shares held.

At 30th April 1995 there were outstanding options to subscribe for a total of 929,886 (1994 – 1,041,373) ordinary shares of the Company granted to the Directors and employees of the Group under the Executive Share Option Schemes. These options are at prices between 60p and 357p and can be exercised at various dates between 1st May 1995 and 4th October 2004. The shares under option have an aggregate nominal value of £93,000 and an aggregate subscription value of £977,200. During the year the Company issued 111,178 ordinary shares for cash under the Executive Share Option Schemes.

XX	SHARE PREMIUM ACCOUNT	Group		Parent Company	
		1995 £000	1994 £000	1995 £000	1994 £000
	Reserve brought forward	405	362	405	362
	Premium on shares issued for cash	162	43	162	43
		—	—	—	—
		567	405	567	405
		—	—	—	—

# NOTES TO THE ACCOUNTS

Note		Group		Parent Company	
		1995 £000	1994 £000	1995 £000	1994 £000
XXI	PROFIT AND LOSS ACCOUNT				
	Retained Profits brought forward	14,974	13,181	1,228	1,193
	Exchange Difference	(31)	11	—	—
	Profit for the Year Retained	1,820	1,782	372	35
		<hr/>	<hr/>	<hr/>	<hr/>
		16,763	14,974	1,600	1,228
		<hr/>	<hr/>	<hr/>	<hr/>
The total of accumulated goodwill written off against reserves is £3,978,000 (1994 – £3,978,000).					
				Group	
				1995 £000	1994 £000
XXII	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS				
	Profit for the financial year			2,638	2,521
	Dividends			(818)	(739)
				<hr/>	<hr/>
				1,820	1,782
	Other recognised gains and losses relating to the year			(31)	11
	New share capital subscribed			174	46
				<hr/>	<hr/>
	Net addition to shareholders' funds			1,963	1,839
	Opening shareholders' funds			17,246	15,407
				<hr/>	<hr/>
	Closing shareholders' funds			19,209	17,246
				<hr/>	<hr/>
XXIII	FINANCIAL COMMITMENTS				
	Annual commitments under operating leases expiring after 5 years on certain land and buildings.			140	136
				<hr/>	<hr/>
XXIV	CAPITAL COMMITMENTS				
	Group Capital Expenditure authorised by the Board:				
	Contracted			358	879
	Not Contracted			690	474
				<hr/>	<hr/>

# NOTES TO THE ACCOUNTS

Note		1995 £000	1994 £000	
XXV	NOTES ON CONSOLIDATED CASH FLOW			
1.	Reconciliation of operating profit to net cash inflow from continuing operating activities:			
	Operating Profit	2,586	2,514	
	Depreciation of tangible fixed assets	1,663	1,451	
	(Increase)/Decrease in stocks	(1,929)	149	
	Decrease/(Increase) in debtors	193	(466)	
	Decrease in creditors	(807)	(307)	
	Exchange difference	(4)	(11)	
	Loss on sale of tangible fixed assets	137	26	
		<hr/>	<hr/>	
		1,839	3,356	
		<hr/>	<hr/>	
2.	Analysis of changes in cash and cash equivalents:			
	Balance at 30th April 1994	3,726	4,593	
	Exchange difference	(2)	7	
	Net cash outflow	(52)	(874)	
		<hr/>	<hr/>	
	Balance at 30th April 1995	3,672	3,726	
		<hr/>	<hr/>	
				Movement £000
3.	Analysis of cash and cash equivalents:			
	Cash at bank	6,714	5,297	1,417
	Bank Overdrafts	(3,042)	(1,494)	(1,548)
	Loan	—	(77)	77
		<hr/>	<hr/>	<hr/>
		3,672	3,726	(54)
		<hr/>	<hr/>	

AUDITORS' REPORT TO THE MEMBERS OF  
PIFCO HOLDINGS PLC

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We have audited the Financial Statements set out on pages 17 to 29 which have been prepared on the basis of the accounting policies set out on page 21.

**Respective responsibilities of Directors and Auditors**

As described on page 15 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 affairs of the Company and of the Group as at 30th April 1995 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn  
Chartered Accountants  
Registered Auditors  
Bank House  
9 Charlotte St  
Manchester M1 4EU  
18th August 1995

PIFCO HOLDINGS PLC

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DIRECTORS

M.Webber, F.C.A., Chairman & Managing Director  
J.A.S.Wallace, B.Sc(Econ.)F.C.A.,F.C.T., Deputy Chairman  
J.M.Webber, B.A., DPhil(Oxon).Non Executive  
C. Berry, F.C.A.

SECRETARY

A.D.Streets, LL.B.

AUDITORS

Binder Hamlyn

BANKERS

National Westminster Bank PLC  
Midland Bank PLC  
Hong Kong & Shanghai Banking Corporation

STOCKBROKERS

James Capel & Co.

REGISTRARS

Barclays Registrars Ltd.

SOLICITORS

Slaughter & May

REGISTERED OFFICE

Failsworth, Manchester M35 0HS.  
Company Registration Number 114036