

MERRYCHEF LIMITED

AND SUBSIDIARIES

Company registered number 487712

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1995

DUKE HAYWARD

Chartered Accountants



**MERRYCHEF LIMITED**

**AND SUBSIDIARIES**

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**FOR THE YEAR ENDED 30 SEPTEMBER 1995**

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**MERRYCHEF LIMITED**

**COMPANY INFORMATION**

**DIRECTORS:** A B Jelly  
R Houghton  
R Gale  
R A Green  
J Jelly  
N Thorneywork  
G P B Veal

**COMPANY  
SECRETARY:** J Jelly

**REGISTERED OFFICE:** Station Road West  
Ash Vale  
Aldershot  
Hampshire  
GU12 5XA

**REGISTERED NUMBER:** 487712

**AUDITORS:** Duke Hayward  
Chartered Accountants  
and Registered Auditor  
11-13 Coombe Road  
New Malden  
Surrey  
KT3 4PX

**BANKERS:** Barclays Bank plc  
171 High Street  
Guildford  
Surrey  
GU1 3AN

**SOLICITORS:** Blake Lapthorn  
21 Cumberland Place  
Southampton  
SO15 2BB

**MERRYCHEF LIMITED  
AND SUBSIDIARIES  
REPORT OF THE DIRECTORS**

The directors present their report together with the audited financial statements of the group for the year ended 30 September 1995.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the manufacture, supply and service of commercial microwave and microwave combination ovens.

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

A further turnover improvement over the previous year supported a solid profit performance.

Following the re-organisation programme, we consolidated the Management Team and have further strengthened the Sales and Market team with the appointment of National Sales Managers dedicated to our key market sectors, and with an Export Team to develop the opportunities already identified overseas.

We are confident that there will be an acceleration in growth and profitability of the organisation during 1995-96. Thank you to all our employees for their loyalty, hard work and enthusiasm.

**RESULTS AND DIVIDENDS**

The group's profit after taxation was £271,853 (1994 - £229,310). The directors do not recommend the payment of a dividend.

**FIXED ASSETS**

Information relating to changes in tangible fixed assets is given in note 8 to the financial statements.

**RESEARCH AND DEVELOPMENT**

Our commitment to a continuous programme of product improvement and innovation resulted in the launch of two new products during the year, which have already won us key account business in a fiercely competitive environment. The Group will continue to put resources into research and development to help us to anticipate the demands of the market place.

**CHARITABLE DONATIONS**

During the year the company made charitable donations of £3,934.

**DIRECTORS**

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

A B Jelly  
R Houghton  
R Gale  
R A Green

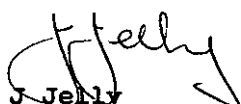
J Jelly  
N Thorneywork  
G P B Veal (appointed 1 May 1995)

No director held any beneficial interest in the share capital of the company at 30 September 1995 or 30 September 1994. The interests of the directors in the share capital of the parent company are disclosed in the financial statements of that company.

**AUDITORS**

The auditors, Duke Hayward, will be proposed for re-appointment in accordance with Section 384 of the Companies Act, 1985.

**BY ORDER OF THE BOARD:**

  
J Jelly

Company Secretary

Date: 19 December 1995

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 the group at the end of the year and of the profit or loss of the group for the year then ended. 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;
- follow applicable accounting standards, 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF**

**MERRYCHEF LIMITED**

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 September 1995 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Duke Hayward*

**DUKE HAYWARD**  
Chartered Accountants  
and Registered Auditor  
11/13 Coombe Road  
New Malden  
Surrey KT3 4PX.

Date: 19 December 1995

**MERRYCHEF LIMITED****AND SUBSIDIARIES****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 30 September 1995**

		1995	1994
	Notes	£	£
<b>TURNOVER</b>	2	4,378,539	4,120,170
Cost of sales		2,345,451	2,186,944
<b>GROSS PROFIT</b>		2,033,088	1,933,226
Administrative expenses		1,666,900	1,677,633
<b>OPERATING PROFIT</b>	3	366,188	255,593
(Losses)/gains on disposals of short term investments		(18,465)	15,639
Investment income	5	45,453	28,430
Interest payable and similar charges	6	(1,513)	(1,050)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		391,663	298,612
Tax on profit on ordinary activities	7	119,810	69,302
<b>PROFIT FOR THE YEAR</b>	16	271,853	229,310
Retained profit brought forward		1,111,024	881,714
<b>RETAINED PROFIT CARRIED FORWARD</b>		£1,382,877	£1,111,024

**CONTINUING OPERATIONS**

None of the group's activities was acquired or discontinued during the above two financial years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profit for the above two financial years.

The accompanying notes form part of these financial statements

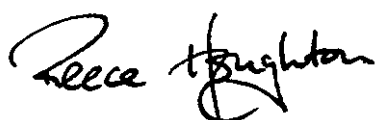
**MERRYCHEF LIMITED**

**AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**  
**At 30 September 1995**

	Notes	1995		1994	
		£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	8		218,921		229,805
<b>CURRENT ASSETS:</b>					
Stocks	10	520,810		491,648	
Debtors	11	987,528		939,603	
Investments	12	420,446		513,123	
Cash at bank and in hand		711,258		478,147	
		<u>2,640,042</u>		<u>2,422,521</u>	
<b>Creditors:</b>					
Amounts falling due within one year	13	948,331		1,013,547	
<b>NET CURRENT ASSETS</b>			<u>1,691,711</u>		<u>1,408,974</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,910,632		1,638,779
<b>Creditors:</b>					
Amounts falling due after more than one year	14		50,000		50,000
			<u>£1,860,632</u>		<u>£1,588,779</u>
<b>CAPITAL AND RESERVES:</b>					
Share capital	15		56,000		56,000
Profit & loss account			1,382,877		1,111,024
Consolidation reserve			421,755		421,755
<b>SHAREHOLDERS' FUNDS</b>	16		<u>£1,860,632</u>		<u>£1,588,779</u>

**SIGNED ON BEHALF OF THE BOARD:**



R Houghton

Director

Date: 19 December 1995

The accompanying notes form part of these financial statements

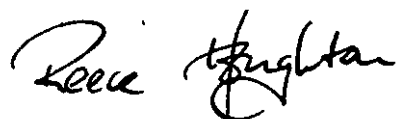


MERRYCHEF LIMITED

COMPANY BALANCE SHEET  
At 30 September 1995

		1995		1994	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	8		218,921		229,805
Investments	9		14,003		14,003
<b>CURRENT ASSETS:</b>					
Stocks	10	520,810		491,648	
Debtors	11	987,528		939,603	
Investments	12	420,446		513,123	
Cash at bank and in hand		711,258		478,147	
		<u>2,640,042</u>		<u>2,422,521</u>	
<b>Creditors:</b>					
Amounts falling due within one year	13	948,333		1,013,549	
		<u></u>		<u></u>	
<b>NET CURRENT ASSETS</b>			<u>1,691,709</u>		<u>1,408,972</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,924,633		1,652,780
<b>Creditors:</b>					
Amounts falling due after more than one year	14		486,902		486,902
			<u>£1,437,731</u>		<u>£1,165,878</u>
<b>CAPITAL AND RESERVES:</b>					
Share capital	15		56,000		56,000
Profit & loss account			1,381,731		1,109,878
<b>SHAREHOLDERS' FUNDS</b>			<u>£1,437,731</u>		<u>£1,165,878</u>

SIGNED ON BEHALF OF THE BOARD:



R Houghton

Director

Date: 19 December 1995

The accompanying notes form part of these financial statements

MERRYCHEF LIMITED

AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 1995

	Notes	1995		1994	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	17(a)		230,238		279,262
<b>Returns on investments and servicing of finance</b>					
Interest received		32,599		24,880	
Interest paid		(1,513)		(671)	
Interest element of hire purchase and finance lease payments		-		(379)	
Dividends received		12,854		3,550	
<b>Net cash inflow from returns on investments and servicing of finance</b>			43,940		27,380
<b>Taxation</b>					
Corporation tax paid		(71,854)		(31,871)	
Corporation tax repaid		-		3,816	
			(71,854)		(28,055)
<b>Investing activities</b>					
Payments to acquire tangible fixed assets		(62,790)		(117,490)	
Receipts from sales of tangible fixed assets		900		28,750	
<b>Net cash outflow from investing activities</b>			(61,890)		(88,740)
<b>Net cash inflow before financing</b>			140,434		189,847
<b>Financing</b>					
Capital element of hire purchase and finance lease repayments	17(d)		-		(878)
<b>Increase in cash and cash equivalents</b>	17(b)		£140,434		£188,969

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995

1. ACCOUNTING POLICIES

**Basis of Accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

**Basis of Consolidation**

The group accounts consolidate the financial statements of Merrychef Limited and all its subsidiary undertakings made up to 30 September 1995. The principles of merger accounting have been applied.

No profit and loss account is presented for Merrychef Limited, as provided by S230 of the Companies Act 1985. The company's profit for the year was £271,853 (1994 - £230,559).

**Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax.

**Tangible Fixed Assets**

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life, on a straight line basis:

Short leasehold property	- over remaining term of lease
Fixtures, fittings, tools and equipment	- between 15% and 25%
Plant & machinery	- between 10% and 50%

The cost and accumulated depreciation of assets which have been fully depreciated are removed from the tangible fixed assets note 8 in the year in which the assets become fully written down.

**Stocks**

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred Taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

**Research and Development**

Expenditure on research and development is written off in the year in which it is incurred.

**MERRYCHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

**1. ACCOUNTING POLICIES - continued**

**Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Government Grants**

All grants receivable are netted off against the expenditure or assets to which they relate.

**Maintenance Contracts**

The unexpired portion of maintenance contract income at the balance sheet date is included in creditors.

**Warranties for Products**

Provision is made for the estimated liability on all products still under warranty.

**Pension Costs**

The company provides pensions through three defined contribution schemes. The amounts charged to the profit and loss account are the contributions payable in the year under these schemes.

**Leases**

Assets held under finance leases or hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives, with an equivalent liability categorised as appropriate under creditors due within or after one year. Finance charges are charged to the profit and loss account over the period of the agreement.

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

**Current asset investments**

All current asset investments are held at cost unless there is a permanent diminution in value when they are stated at market value.

**2. TURNOVER**

The turnover and profit before taxation is attributable to the principal activity of the group.

The analysis of turnover by geographical market has been omitted.

**MERRYCHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

**3. OPERATING PROFIT**

The operating profit is stated after charging:	1995	1994
	£	£
Directors' remuneration (see note 5)	394,812	371,477
Hire of plant and machinery	1,576	1,771
Depreciation	73,183	66,093
Profit on disposal of fixed assets	(409)	(3,623)
Auditors' remuneration	7,500	7,500
Operating lease rentals	296,943	254,853
	<u>          </u>	<u>          </u>

**4. EMPLOYEE INFORMATION**

**Staff costs (including directors)**

	1995	1994
	£	£
Wages and salaries	1,289,335	1,233,788
National Insurance	108,741	116,738
Pension costs	81,123	77,183
	<u>£1,479,199</u>	<u>£1,427,709</u>

The average weekly number of employees during the year was as follows:

	1995	1994
Office & management	45	46
Production	22	20
	<u>67</u>	<u>66</u>

**Directors**

Staff costs includes remuneration in respect of directors as follows:

	1995	1994
	£	£
Management remuneration (including pension contributions)	£394,812	£371,477
	<u>          </u>	<u>          </u>

The emoluments of the chairman, excluding pension contributions, were £139,171 (1994 - £136,167). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	1995	1994
	No.	No.
£nil - £5,000	1	2
£10,001 - £15,000	1	-
£30,001 - £35,000	-	2
£35,001 - £40,000	2	-
£45,001 - £50,000	1	1
£60,001 - £65,000	1	1
	<u>          </u>	<u>          </u>

**MERRYCHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

<b>5. INVESTMENT INCOME</b>	<b>1995</b>	<b>1994</b>
	£	£
Dividends received from listed UK investments	12,854	3,550
Interest receivable	32,599	24,880
	<u>£45,453</u>	<u>£28,430</u>
 <b>6. INTEREST PAYABLE &amp; SIMILAR CHARGES</b>	 <b>1995</b>	 <b>1994</b>
	£	£
On bank loans and overdrafts, repayable within five years, not by instalments	1,513	671
Interest element of charges payable under finance leases and hire purchase contracts	-	379
	<u>£1,513</u>	<u>£1,050</u>
 <b>7. TAXATION</b>	 <b>1995</b>	 <b>1994</b>
	£	£
The taxation charge, based on the results for the year, comprises:		
- UK corporation tax at 28.0% (1994: 25.5%)	116,021	68,592
- tax attributable to franked investment income	2,571	710
Adjustment of current taxation in respect of prior years	1,218	-
	<u>£119,810</u>	<u>£69,302</u>

**MERRYCHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

**8. TANGIBLE FIXED ASSETS - Group and Company**

	Short leasehold property	Fixtures, fittings, tools & equipment	Plant & machinery	Totals
	£	£	£	£
<b>COST:</b>				
At 1 October 1994	19,651	205,033	148,210	372,894
Additions		12,543	50,247	62,790
Fully depreciated		(19,380)	(11,496)	(30,876)
Disposals	-	(1,039)	-	(1,039)
At 30 September 1995	19,651	197,157	186,961	403,769
<b>DEPRECIATION:</b>				
At 1 October 1994	8,752	76,326	58,011	143,089
Charge for year	792	41,678	30,713	73,183
Fully depreciated		(19,380)	(11,496)	(30,876)
Eliminated on disposals		(548)		(548)
At 30 September 1995	9,544	98,076	77,228	184,848
<b>NET BOOK VALUES:</b>				
At 30 September 1995	£10,107	£ 99,081	£109,733	£218,921
At 30 September 1994	£10,899	£128,707	£ 90,199	£229,805

**9. FIXED ASSET INVESTMENTS**

Fixed asset investments represent investments in the following subsidiary undertakings, all of which are registered in England:

	Principal activity	Percentage of shares held by: The company      Subsidiaries
Magnetising Techniques Ltd	Dormant	100
Mealstream (UK) Ltd	Dormant	100
Pumpcroft Ltd	Dormant	100
Twilight Band Ltd	Dormant	100

**MERRYCHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

**10. STOCKS - Group and Company**

	1995 £	1994 £
Raw materials and consumables	384,442	389,869
Work in progress	45,823	24,844
Finished goods	90,545	76,935
	<u>£520,810</u>	<u>£491,648</u>

**11. DEBTORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR - Group and Company**

	1995 £	1994 £
Trade debtors	849,783	816,166
Other debtors	5,892	4,101
Prepayments and accrued income	104,690	92,173
Amount owed by parent company	27,163	27,163
	<u>£987,528</u>	<u>£939,603</u>

The amount owed by the parent company is due after more than one year.

**12. CURRENT ASSET INVESTMENTS**

The group's current asset investments are all listed in the UK. The market value of these investments at 30 September 1995 was £453,363.

**13. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Trade creditors	369,431	535,949	369,431	535,949
Social security and other taxes	126,947	168,703	126,947	168,703
Other creditors	92,604	186,742	92,606	186,744
Accruals and deferred income	243,602	54,362	243,602	54,362
Corporation tax	115,747	67,791	115,747	67,791
	<u>£948,331</u>	<u>£1,013,547</u>	<u>£948,333</u>	<u>£1,013,549</u>



**MERRYCHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

**14. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Debenture	50,000	50,000	-	-
Amounts owed to subsidiary undertakings	-	-	486,902	486,902
	<u>£50,000</u>	<u>£50,000</u>	<u>£486,902</u>	<u>£486,902</u>

**15. CALLED UP SHARE CAPITAL**

		1995	1994
		£	£
Authorised, allotted, called up and fully paid			
Number:	Class:	Nominal Value:	
56,000	Ordinary	£1	
		<u>£56,000</u>	<u>£56,000</u>

**16. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS - Group**

	1995	1994
	£	£
Profit for the year	271,853	229,310
Shareholders' funds at 1 October 1994	<u>1,588,779</u>	<u>1,359,469</u>
Shareholders' funds at 30 September 1995	<u>£1,860,632</u>	<u>£1,588,779</u>

**17. NOTES TO THE CASH FLOW STATEMENT**

**17(a) Reconciliation of operating profit to net cash inflow from operating activities**

	1995	1994
	£	£
Operating profit	366,188	255,593
Depreciation charge	73,183	66,093
Profit on sale of tangible fixed assets	(409)	(3,623)
(Losses)/Gains on disposals of short term investments	(18,465)	15,639
(Increase)/decrease in stocks	(29,162)	133,027
(Increase)/decrease in debtors	(47,925)	(113,191)
Increase/(decrease) in creditors	(113,172)	(74,276)
Net cash inflow from operating activities	<u>£230,238</u>	<u>£279,262</u>

**MERRYCHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

**17. NOTES TO THE CASH FLOW STATEMENT - continued**

	1995 £	1994 £
17(b) Analysis of changes in cash and cash equivalents during the year		
Balance at 1 October 1994	991,270	802,301
Net cash inflow	140,434	188,969
Balance at 30 September 1995	<u>£1,131,704</u>	<u>£991,270</u>

	1995 £	1994 £	Change in year £
17(c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet			
Cash at bank and in hand	(43,742)	38,147	(81,889)
Short-term deposits	755,000	440,000	315,000
Short-term investments	420,446	513,123	(92,677)
	<u>£1,131,704</u>	<u>£991,270</u>	<u>£140,434</u>

**17(d) Analysis of changes in financing during the year**

	1995 £	1994 £
		Hire purchase contracts and finance leases
Balance at 1 October 1994	-	878
Cash outflow from financing	-	(878)
Balance at 30 September 1995	<u>£ -</u>	<u>£ -</u>

**18. DEFERRED TAXATION**

There is no unprovided deferred taxation.

**19. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Elvadene Limited, a company registered in England.

**MERRICHEF LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1995**

**20. OPERATING LEASE COMMITMENTS**

The group is committed to make the following payments during the year commencing 1 October 1995 in respect of operating leases:

	1995 £	1994 £
Land and buildings:		
leases which expire after 5 years	£190,300	£190,300
Motor vehicles		
leases which expire within 1 year	£17,846	£4,155
leases which expire within 2-5 years	£45,180	£71,904

**21. PENSION ARRANGEMENTS**

The group provides pensions through three defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The total pension cost charge for the year amounted to £81,123. (1994 - £77,183).

**22. FUTURE CAPITAL EXPENDITURE**

Capital expenditure authorised by the directors at the year end but not provided for in the accounts was:

	1995 £	1994 £
Contracts placed	-	26,800