

COMPANIES HOUSE COPY

Company Registration No. 713656 (England and Wales)

PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003



**Hacker
Young**
Chartered Accountants

St Alphage House 2 Fore Street London EC2Y 5DH

PULSE HOME PRODUCTS LIMITED

COMPANY INFORMATION

Directors

D W Allen
D S Gough
J M Smethurst
M A Weems (Appointed 7 October 2002)
D B Harris
J E Harris
A D Rose

Secretary

J E Malin

Company number

713656

Registered office

Harvard House
14-16 Thames Road
Barking
Essex
IG11 0HX

Auditors

Hacker Young
St Alphage House
2 Fore Street
London
EC2Y 5DH

PULSE HOME PRODUCTS LIMITED

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PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activities and review of the business

The principal activities of the company are the sale of small domestic appliances and the manufacture and sale of electric blankets. The Dreamland Electric Blankets division of the company, responsible for the manufacture and sale of electric blankets was sold during the year.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 April 2002:

D W Allen	
D S Gough	
J M Smethurst	
M A Weems	(Appointed 7 October 2002)
D B Harris	
J E Harris	
A D Rose	
J G Thomas	(Resigned 31 May 2002)
M A Jones	(Resigned 24 April 2002)

The directors had no interests in the shares of the company at the beginning or the end of the year.

The interests of J E Harris, D B Harris and A D Rose in the shares of the parent undertaking are shown in the directors' report of that company.

The interests of the other directors in the shares of the parent undertaking were as follows:

	Executive share options				
	1 April 2002	Granted	Exercised	Lapsed	31 March 2003
D W Allen	-	10,000	-	-	10,000
D S Gough	-	5,000	-	-	5,000
J M Smethurst	-	5,000	-	-	5,000
M A Weems	-	5,000	-	-	5,000

	SAYE share options				
	1 April 2002	Granted	Exercised	Lapsed	31 March 2003
D W Allen	-	1,877	-	-	1,877
D S Gough	-	5,071	-	-	5,071
J M Smethurst	-	5,071	-	-	5,071
M A Weems	-	5,071	-	-	5,071

PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The Alba plc ESOP Trust which was established during 1998 holds 222,815 Ordinary shares in Alba plc. The Trust holds the shares for beneficiaries who include, inter alia, directors and employees of Pulse Home Products Limited. The directors, being members of a class of potential beneficiaries of the ESOP are, to that extent, interested in all Alba plc's shares acquired by the ESOP and not allocated.

Awards under the Alba plc Long-Term Incentive Plan

The interests of J E Harris, D B Harris and A D Rose in the shares of the holding company granted under the Alba plc Long-Term Incentive Plan are shown in the directors' report of that company.

The other directors have not been granted any shares under the scheme during the year.

Creditor payment policy

The company is part of the Alba plc group which operates a centralised purchasing function. It is the group's policy to pay suppliers on a net monthly basis unless otherwise agreed. As at 31 March 2003 the average number of creditor days for the group was 18 (2002: 19).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company 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 company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements on a going concern basis.

By order of the board



J E Malin
Secretary
31 July 2003

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF PULSE HOME PRODUCTS LIMITED**

We have audited the financial statements of Pulse Home Products Limited on pages 4 to 16 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hacker Young
Chartered Accountants
Registered Auditors

31 July 2003

PULSE HOME PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	Year ended 31 March 2003 £ 000	15 Months ended 31 March 2002 £ 000
Turnover	2		
Continuing operations		48,775	50,062
Discontinued activities		1,199	7,789
		<u>49,974</u>	<u>57,851</u>
Cost of sales		(37,510)	(44,414)
Gross profit		<u>12,464</u>	<u>13,437</u>
Distribution costs		(1,897)	(2,324)
Administrative expenses		(7,404)	(9,375)
Operating profit	4		
Continuing operations		2,902	106
Discontinued activities		261	1,632
		<u>3,163</u>	<u>1,738</u>
Profit on sale of discontinued activities	4	1,701	-
		<u>1,701</u>	<u>-</u>
Profit on ordinary activities before interest		<u>4,864</u>	<u>1,738</u>
Interest payable and similar charges	5	(31)	(87)
Profit on ordinary activities before taxation		<u>4,833</u>	<u>1,651</u>
Tax on profit on ordinary activities	6	(813)	(164)
Profit on ordinary activities after taxation	15	<u>4,020</u>	<u>1,487</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

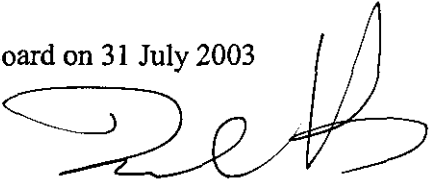
PULSE HOME PRODUCTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £ 000	2002 £ 000
Fixed assets			
Tangible assets	7	332	717
Investments	8	363	363
		<u>695</u>	<u>1,080</u>
Current assets			
Stocks	9	6,645	7,584
Debtors	10	13,690	6,459
Cash at bank and in hand		1,208	2,413
		<u>21,543</u>	<u>16,456</u>
Creditors: amounts falling due within one year	11	<u>(5,866)</u>	<u>(4,961)</u>
Net current assets		<u>15,677</u>	<u>11,495</u>
Total assets less current liabilities		<u>16,372</u>	<u>12,575</u>
Provisions for liabilities and charges	12	<u>(1,562)</u>	<u>(1,785)</u>
		<u>14,810</u>	<u>10,790</u>
Capital and reserves			
Called up share capital	14	10,722	10,722
Profit and loss account	15	4,088	68
Shareholders' funds - equity interests	16	<u>14,810</u>	<u>10,790</u>

The financial statements were approved by the Board on 31 July 2003

A D Rose
Director


D B Harris
Director

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of a group which itself prepares a consolidated cash flow.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over the period of the lease
Plant and machinery	10% - 33.33%

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

Payments to the company's defined contribution pension scheme are charged to the profit and loss account as they become payable.

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

(continued)

1.9 Deferred taxation

Full provision is recognised in respect of all timing differences that have originated but have not reversed at the balance sheet date. Deferred taxation is not recognised on permanent timing differences. Deferred taxation assets are only recognised when that asset is regarded as recoverable.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Alba Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

1.12 Warranty provision

A provision is made in the period of sale to cover the estimated future liability for warranty returns and the associated costs. Credit notes issued in respect of warranty claims by customers are charged against this provision.

2 Turnover

Geographical market

	Turnover	
	Year ended	15 Months ended
	31 March	31 March
	2003	2002
	£ 000	£ 000
UK	48,461	55,154
European Union	1,501	2,692
Asia	12	5
	<u>49,974</u>	<u>57,851</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

3 Cost of sales and net operating expenses

	2003			2002		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Cost of sales	37,045	465	37,510	39,832	4,582	44,414
Distribution costs	1,850	47	1,897	2,011	313	2,324
Administrative expenses	6,978	426	7,404	8,113	1,262	9,375
	<u>45,873</u>	<u>938</u>	<u>46,811</u>	<u>49,956</u>	<u>6,157</u>	<u>56,113</u>

4 Operating profit

	2003	2002
	£ 000	£ 000
Operating profit is stated after charging:		
Depreciation of tangible assets	325	389
Research and development	393	345
Operating lease rentals		
- Plant and machinery	84	120
- Other assets	69	107
Auditors' remuneration	24	20
	<u> </u>	<u> </u>

On 13 June 2002 the company disposed of its Dreamland Electric Blankets division. The consideration received was £2,250,000 which results in a profit on disposal of £1,701,000.

5 Interest payable

	2003	2002
	£ 000	£ 000
On bank loans and overdrafts	30	86
Lease finance charges	1	1
	<u>31</u>	<u>87</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

6 Taxation	2003	2002
	£ 000	£ 000
Domestic current year tax		
U.K. corporation tax	887	199
Current tax charge	<u>887</u>	<u>199</u>
Deferred tax		
Deferred tax charge/credit current year	(79)	(35)
Deferred tax adjust re previous year	5	-
	<u>(74)</u>	<u>(35)</u>
	<u>813</u>	<u>164</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>4,833</u>	<u>1,651</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)	<u>1,450</u>	<u>495</u>
Effects of:		
Non deductible expenses	13	26
Depreciation add back	132	117
Capital allowances	(53)	(90)
Tax losses utilised	(655)	(349)
	<u>(563)</u>	<u>(296)</u>
Current tax charge	<u>887</u>	<u>199</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

7 Tangible fixed assets

	Land and buildings Leasehold £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 April 2002	283	1,992	2,275
Additions	10	204	214
Disposals	-	(963)	(963)
At 31 March 2003	293	1,233	1,526
Depreciation			
At 1 April 2002	218	1,340	1,558
On disposals	-	(689)	(689)
Charge for the year	44	281	325
At 31 March 2003	262	932	1,194
Net book value			
At 31 March 2003	31	301	332
At 31 March 2002	65	652	717

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £ 000
Net book values	
At 31 March 2003	5
At 31 March 2002	12
Depreciation charge for the year	
31 March 2003	7
31 March 2002	7

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

8 Fixed asset investments

	Shares in subsidiary undertakings
	£ 000
Cost	
At 1 April 2002 & at 31 March 2003	1,160
Provisions for diminution in value	
At 1 April 2002 & at 31 March 2003	797
Net book value	
At 31 March 2003	363
At 31 March 2002	363

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Viva (Consumer Products) Limited	England	Ordinary	100
Dreamland Appliances Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	2003	2003
	£ 000	£ 000
Viva (Consumer Products) Limited	363	-
Dreamland Appliances Limited	1	-

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

9	Stocks and work in progress	2003	2002
		£ 000	£ 000
	Raw materials and consumables	340	926
	Work in progress	-	353
	Finished goods and goods for resale	6,305	6,305
		<u>6,645</u>	<u>7,584</u>
10	Debtors	2003	2002
		£ 000	£ 000
	Trade debtors	4,754	3,507
	Amounts owed by parent and fellow subsidiary undertakings	7,257	1,260
	Other debtors	1,053	1,136
	Prepayments and accrued income	513	517
	Deferred tax asset	113	39
		<u>13,690</u>	<u>6,459</u>
	Deferred tax	2003	
		£ 000	
	Balance at 1 April 2002	39	
	Profit and loss account	74	
		<u>113</u>	
		2003	2002
		£ 000	£ 000
	Accelerated capital allowances	113	34
	Other timing differences	-	5
		<u>113</u>	<u>39</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

11 Creditors: amounts falling due within one year	2003 £ 000	2002 £ 000
Net obligations under finance lease and hire purchase contracts	-	6
Trade creditors	371	992
Amounts owed to subsidiary undertakings	363	363
Corporation tax	887	-
Other taxes and social security costs	779	985
Other creditors	957	973
Accruals and deferred income	2,509	1,642
	<u>5,866</u>	<u>4,961</u>
Net obligations under finance leases and hire purchase contracts Repayable within one year	<u>-</u>	<u>6</u>
	<u>-</u>	<u>6</u>

12 Provisions for liabilities and charges

	Warranty provision £ 000
Balance at 1 April 2002	1,785
Profit and loss account	3,139
Utilised in the year	(3,362)
Balance at 31 March 2003	<u>1,562</u>

The provision relates to the estimated future liability for warranty returns and the associated costs on products sold in the financial year. The amount utilised in the year of £3,362,000 (2002: £6,568,000) represents the value of credit notes issued in respect of warranty claims by customers.

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

13 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2003 £ 000	2002 £ 000
Contributions payable by the company for the year	127	228

14 Share capital

	2003 £ 000	2002 £ 000
Authorised		
11,500,000 Ordinary shares of £1 each	11,500	11,500
Allotted, called up and fully paid		
10,722,002 Ordinary shares of £1 each	10,722	10,722

15 Statement of movements on profit and loss account

	Profit and loss account £ 000
Balance at 1 April 2002	68
Retained profit for the period	4,020
Balance at 31 March 2003	4,088

16 Reconciliation of movements in shareholders' funds

	2003 £ 000	2002 £ 000
Profit for the financial year	4,020	1,487
Opening shareholders' funds	10,790	9,303
Closing shareholders' funds	14,810	10,790

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

17 Financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£ 000	£ 000	£ 000	£ 000
Expiry date:				
Within one year	79	-	6	9
Between two and five years	-	79	52	40
	<u>79</u>	<u>79</u>	<u>58</u>	<u>49</u>

18 Directors' emoluments

	2003	2002
	£ 000	£ 000
Emoluments for qualifying services	337	590
Company pension contributions to money purchase schemes	39	43
	<u>376</u>	<u>633</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2002 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>119</u>	<u>186</u>
------------------------------------	------------	------------

J E Harris, D B Harris, and A D Rose are not included in the above disclosures. Directors' emoluments and disclosures are reflected in the financial statements of the group company in which they are paid as it is not practicable to allocate this between their services as executives of Alba plc and their services as directors of Pulse Home Products Limited and other group companies.

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Production	82	100
Selling and distribution	24	22
Administration	55	55
	<u>161</u>	<u>177</u>

Employment costs

	£ 000	£ 000
Wages and salaries	2,596	3,523
Social security costs	235	313
Other pension costs	127	228
	<u>2,958</u>	<u>4,064</u>

20 Control

The company's ultimate holding company is Alba plc which is incorporated in England. A copy of the audited accounts of Alba plc consolidated accounts may be obtained from the company secretary, Alba plc, Harvard House, 14-16 Thames Road, Barking, Essex, IG11 0HX.

21 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 whereby transactions with entities within the Alba plc group need not be disclosed.