

COMPANIES HOUSE COPY

Company Registration No. 713656 (England and Wales)

PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2002



Chartered Accountants

St Alphage House 2 Fore Street London EC2Y 5DH

PULSE HOME PRODUCTS LIMITED

COMPANY INFORMATION

Directors

D W Allen
D S Gough
D B Harris (Appointed 22 October 2001)
J E Harris (Appointed 22 October 2001)
A D Rose (Appointed 22 October 2001)
J M Smethurst (Appointed 12 August 2001)

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 PERIOD ENDED 31 MARCH 2002

The directors present their report and financial statements for the 15 months ended 31 March 2002.

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. Subsequent to the year end the Dreamland Electric Blankets division of the company, responsible for the manufacture and sale of electric blankets, was sold. Details regarding this transaction have been disclosed in note 24 of the accounts.

Following the acquisition of the company by Alba plc on 22 October 2001, the company changed its year end to 31 March 2002.

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

Results and dividends

The results for the period 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 January 2001:

D W Allen	
D S Gough	
M Jones	(Resigned 3 May 2002)
M T Davies	(Resigned 22 October 2001)
M J Edwards	(Resigned 22 October 2001)
D P Goddard	(Resigned 22 October 2001)
D B Harris	(Appointed 22 October 2001)
J E Harris	(Appointed 22 October 2001)
A D Rose	(Appointed 22 October 2001)
P Sykes	(Resigned 21 March 2001)
J G Thomas	(Appointed 12 August 2001 and resigned 31 May 2002)
J M Smethurst	(Appointed 12 August 2001)

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

	Ordinary shares of 10p each 31 March 2002	Ordinary shares of 10p each 1 January 2001
D W Allen	-	-
D S Gough	-	-
J G Thomas	-	-
J M Smethurst	-	-

PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2002

The other directors did not hold any options on the shares of the parent undertaking.

The Alba plc ESOP Trust which was established during 1998 holds 320,181 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 2002 the average number of creditor days for the group was 19 (2000 - 22).

Auditors

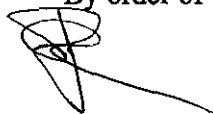
Hacker Young were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Directors' responsibilities

Directors are required by the Companies Act 1985 to prepare accounts 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 accounts on a going concern basis, and that applicable accounting standards have been followed.

By order of the board



J E Malin

Secretary

6 September 2002



Chartered Accountants

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PULSE HOME PRODUCTS LIMITED

St Alphage House
2 Fore Street
London EC2Y 5DH

We have audited the financial statements of Pulse Home Products Limited on pages 4 to 18 for the period ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Hacker Young

Chartered Accountants
Registered Auditors

6 September 2002

PULSE HOME PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2002

		15 Months ended 31 March 2002 £ 000	Year ended 31 December 2000 £ 000
	Notes		
Turnover	2		
Continuing operations		50,062	36,155
Discontinued activities		7,789	7,468
		<u>57,851</u>	<u>43,623</u>
Cost of sales	3	<u>(44,414)</u>	<u>(34,653)</u>
Gross profit			
Continuing operations		10,230	5,698
Discontinued activities		3,207	3,272
		<u>13,437</u>	<u>8,970</u>
Distribution costs		(2,324)	(1,701)
Administrative expenses		(9,375)	(8,872)
Operating profit/(loss)	4	<u>1,738</u>	<u>(1,603)</u>
Amounts written off investments	5	-	(797)
Interest payable and similar charges	6	(87)	(47)
Profit/(loss) on ordinary activities before taxation		<u>1,651</u>	<u>(2,447)</u>
Tax on profit/(loss) on ordinary activities	7	<u>(164)</u>	<u>511</u>
Profit/(loss) on ordinary activities after taxation	17	<u>1,487</u>	<u>(1,936)</u>

PULSE HOME PRODUCTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 MARCH 2002

	15 Months ended 31 March 2002 £ 000	Year ended 31 December 2000 £ 000
Profit/(loss) for the financial period	1,487	(1,936)
Prior year adjustment	-	243
Total gains and losses recognised since last financial statements	<u>1,487</u>	<u>(1,693)</u>

PULSE HOME PRODUCTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2002

		31 March 2002	31 December 2000
	Notes	£ 000	£ 000
Fixed assets			
Tangible assets	8	717	846
Investments	9	363	363
		<u>1,080</u>	<u>1,209</u>
Current assets			
Stocks	10	7,584	7,189
Debtors	11	6,459	11,785
Cash at bank and in hand		2,413	7,252
		<u>16,456</u>	<u>26,226</u>
Creditors: amounts falling due within one year	12	<u>(4,961)</u>	<u>(15,818)</u>
Net current assets		<u>11,495</u>	<u>10,408</u>
Total assets less current liabilities		<u>12,575</u>	<u>11,617</u>
Creditors: amounts falling due after more than one year	13	-	(10)
Provisions for liabilities and charges	14	<u>(1,785)</u>	<u>(2,304)</u>
		<u>10,790</u>	<u>9,303</u>
Capital and reserves			
Called up share capital	16	10,722	10,722
Profit and loss account	17	68	(1,419)
Shareholders' funds - equity interests	18	<u>10,790</u>	<u>9,303</u>

The financial statements were approved by the Board on 6 September 2002

A D Rose
Director

D B Harris
Director

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2002

1 Accounting policies

1.1 Basis of preparation

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

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 and work in progress are 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 PERIOD ENDED 31 MARCH 2002

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	
	2002	2000
	£ 000	£ 000
UK	55,154	40,726
European Union	2,692	2,897
Asia	5	-
	<u>57,851</u>	<u>43,623</u>

3 Cost of sales and net operating expenses

	2002			2000		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Cost of sales	<u>39,832</u>	<u>4,582</u>	<u>44,414</u>	<u>30,457</u>	<u>4,196</u>	<u>34,653</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

4	Operating profit/(loss)	2002	2000
		£ 000	£ 000
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	389	399
	Research and development	345	236
	Operating lease rentals		
	- Plant and machinery	120	109
	- Other assets	107	88
	Auditors' remuneration	20	21
		<hr/>	<hr/>
5	Amounts written off investments	2002	2000
		£ 000	£ 000
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	797
		<hr/>	<hr/>
6	Interest payable	2002	2000
		£ 000	£ 000
	On bank loans and overdrafts	86	46
	Lease finance charges	1	1
		<hr/>	<hr/>
		87	47
		<hr/>	<hr/>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

7 Taxation	2002	2000
	£ 000	£ 000
Domestic current year tax		
U.K. corporation tax	199	(421)
Adjustment for prior years	-	(329)
	<hr/>	<hr/>
Current tax charge	199	(750)
	<hr/>	<hr/>
Deferred tax		
Deferred tax charge/credit current year	(35)	(38)
Deferred tax adjust re previous year	-	277
	<hr/>	<hr/>
	(35)	239
	<hr/>	<hr/>
	164	(511)
	<hr/>	<hr/>
Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before taxation	1,651	(2,447)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2000 : 30.00%)	495	(734)
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	26	281
Depreciation	117	120
Capital allowances	(90)	(85)
Tax losses utilised	(349)	-
Adjustments to previous periods	-	(329)
Other tax adjustments	-	(3)
	<hr/>	<hr/>
	(296)	(16)
	<hr/>	<hr/>
Current tax charge	199	(750)
	<hr/>	<hr/>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

8 Tangible fixed assets

	Land and buildings Leasehold £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 January 2001	251	1,764	2,015
Additions	32	228	260
At 31 March 2002	283	1,992	2,275
Depreciation			
At 1 January 2001	177	992	1,169
Charge for the period	41	348	389
At 31 March 2002	218	1,340	1,558
Net book value			
At 31 March 2002	65	652	717
At 31 December 2000	74	772	846

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

	Plant and machinery £ 000
Net book values	
At 31 March 2002	12
At 31 December 2000	19
Depreciation charge for the period	
31 March 2002	7
31 December 2000	4

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

9 Fixed asset investments

	Shares in subsidiary undertakings
	£ 000
Cost	
At 1 January 2001 & at 31 March 2002	1,160
Provisions for diminution in value	
At 1 January 2001 & at 31 March 2002	797
Net book value	
At 31 March 2002	363
At 31 December 2000	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	Shares held	
		Class	%
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 Profit for the reserves	year
Viva (Consumer Products) Limited	363	-
Dreamland Appliances Limited	-	-

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

10 Stocks and work in progress	2002 £ 000	2000 £ 000
Raw materials and consumables	926	1,063
Work in progress	353	224
Finished goods and goods for resale	6,305	5,902
	<u>7,584</u>	<u>7,189</u>

11 Debtors	2002 £ 000	2000 £ 000
Trade debtors	3,507	9,680
Amounts owed by parent and fellow subsidiary undertakings	1,260	332
Corporation tax	-	798
Other debtors	1,136	383
Prepayments and accrued income	517	588
Deferred tax asset	39	4
	<u>6,459</u>	<u>11,785</u>

Deferred tax

	2002 £ 000	2000 £ 000
Balance at 1 January 2001	4	
Profit and loss account	35	
Balance at 31 March 2002	<u>39</u>	
	<u>2002 £ 000</u>	<u>2000 £ 000</u>
Accelerated capital allowances	34	(1)
Other timing differences	5	5
	<u>39</u>	<u>4</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

12 Creditors: amounts falling due within one year

	2002 £ 000	2000 £ 000
Net obligations under finance lease and hire purchase contracts	6	6
Trade creditors	992	6,953
Amounts owed to parent and fellow subsidiary undertakings	-	3,376
Amounts owed to subsidiary undertakings	363	363
Taxes and social security costs	985	1,226
Other creditors	973	1,011
Accruals and deferred income	1,642	2,883
	<u>4,961</u>	<u>15,818</u>

13 Creditors: amounts falling due after more than one year

	2002 £ 000	2000 £ 000
Net obligations under finance leases and hire purchase agreements	-	10
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	6	6
Repayable between one and five years	-	10
	<u>6</u>	<u>16</u>
Included in liabilities falling due within one year	(6)	(6)
	<u>-</u>	<u>10</u>

14 Provisions for liabilities and charges

	Warranty provision £ 000
Balance at 1 January 2001	2,304
Profit and loss account	6,049
Utilised in the year	(6,568)
Balance at 31 March 2002	<u>1,785</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 £6,568,000 (2000: £4,136,000) 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 PERIOD ENDED 31 MARCH 2002

15 Pension costs

Defined contribution

	2002 £ 000	2000 £ 000
Contributions payable by the company for the period	228	130

16 Share capital

Authorised

11,500,000 Ordinary shares of £1 each

2002
£ 000

2000
£ 000

Allotted, called up and fully paid

10,722,002 Ordinary shares of £1 each

10,722

17 Statement of movements on profit and loss account

Profit and loss account £ 000

Balance at 1 January 2001	(1,419)
Retained profit for the period	1,487
Balance at 31 March 2002	68

18 Reconciliation of movements in shareholders' funds

	2002 £ 000	2000 £ 000
Profit/(Loss) for the financial period	1,487	(1,936)
Opening shareholders' funds	9,303	11,239
Closing shareholders' funds	10,790	9,303

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

19 Financial commitments

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002 £ 000	2000 £ 000	2002 £ 000	2000 £ 000
Expiry date:				
Within one year	-	90	9	10
Between two and five years	79	-	40	61
In over five years	-	-	-	2
	<u>79</u>	<u>90</u>	<u>49</u>	<u>73</u>

20 Directors' emoluments

	2002 £ 000	2000 £ 000
Emoluments for qualifying services	590	298
Company pension contributions to money purchase schemes	43	-
	<u>633</u>	<u>298</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2000 - 4).

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

Emoluments for qualifying services	186	104
Company pension contributions to money purchase schemes	15	-
Accrued pension at the end of the period	-	10
	<u>201</u>	<u>114</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 FOR THE PERIOD ENDED 31 MARCH 2002

21 Employees

Number of employees

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

	2002 Number	2000 Number
Production	100	169
Selling and distribution	22	22
Administration	55	18
	<u>177</u>	<u>209</u>

Employment costs

	£ 000	£ 000
Wages and salaries	3,523	2,819
Social security costs	313	251
Other pension costs	228	130
	<u>4,064</u>	<u>3,200</u>

22 Control

The company's ultimate holding company and controlling party became Alba plc, a company incorporated in England and Wales, with effect from 22 October 2001. The ultimate holding company was previously Baxi Group Limited. Copies of Alba plc consolidated accounts are available from: The secretary, Alba plc, Harvard House, 14-16 Thames Road, Barking, Essex, IG11 0HX.

23 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 since 22 October 2001 and the Baxi Group Limited group prior to that date need not be disclosed.

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2002

24 Post balance sheet events

On 13 June 2002, the Dreamland Electric Blankets division of the company was sold to Imetec (UK) Limited ("Imetec") for £2,250,000. The company will continue to operate the business under licence from Imetec for the period up to 30 September 2002. During this licence period the company will manufacture Imetec's full stock requirement to 31 March 2003, which Imetec shall purchase at cost.

In accordance with Financial Reporting Standard No 3, the turnover and gross profit of the division have been disclosed separately as discontinued activities in the company's profit and loss account. The directors have not analysed the company's administrative expenses or distribution costs between continuing and discontinued activities because it is not practicable to allocate these costs between each divisions' activities.