



"Rational" Built-In Kitchens (U.K.) Limited

Financial statements 31 December 1996
together with directors' and auditors' reports

Registered number: 1216051



Directors' report

For the year ended 31 December 1996

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 1996.

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 of the profit or loss of the company for that period. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and review of the business

The results for the year are set out in the profit and loss account on page 4. All the turnover is attributable to the company's principal activity being the supply of kitchen furniture.

Results and dividend

The directors do not recommend the payment of a dividend (1995 - £nil).

Fixed assets

Movements in fixed assets are shown in note 6 to the financial statements.

Directors' report (continued)

Directors and their interests

The directors who served during the year were:

W.E. Luckhaus

H.O.G. Meinnert (Chairman)

The directors do not hold any interests in the company required to be disclosed under Schedule 7 of the Companies Act 1985.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Palmerston Business Centre
11 Palmerston Road
Sutton
Surrey
SM1 4QL

On behalf of the Board



W.E. Luckhaus

Director

13.10. 1997

Auditors' report

London

To the Shareholders of "Rational" Built-In Kitchens (U.K.) Limited:

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1 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 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 the 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 as at 31 December 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

13 October 1997

Profit and loss account

For the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	1,823,421	1,606,955
Cost of sales		(1,520,716)	(1,305,844)
Gross profit		302,705	301,111
Administrative expenses		(296,399)	(354,530)
Operating profit (loss)		6,306	(53,419)
Bank interest receivable		7,343	19,771
Profit (loss) on ordinary activities before taxation	3	13,649	(33,648)
Tax on profit (loss) on ordinary activities	5	(1,781)	-
Profit (loss) for the financial year		11,868	(33,648)
Accumulated deficit, brought forward		(981,872)	(948,224)
Accumulated deficit, carried forward		(970,004)	(981,872)

There are no recognised gains or losses in either year other than the profit (loss) for the year.

The accompanying notes form an integral part of this profit and loss account.

Reconciliation of movement in shareholders' funds shown in note 13.

Balance sheet

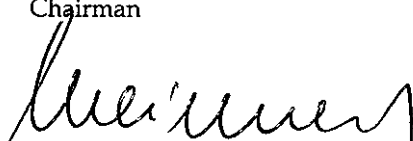
31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	6	32,504	42,980
Current assets			
Debtors	7	284,784	284,352
Cash at bank and in hand		42,622	74,575
		327,406	358,927
Creditors: Amounts falling due within one year	8	(129,914)	(183,779)
Net current assets		197,492	175,148
Provisions for liabilities and charges	9	(200,000)	(200,000)
Net assets		29,996	18,128
Capital and reserves			
Equity	11	1,000,000	1,000,000
Profit and loss account		(970,004)	(981,872)
Equity shareholders' funds	13	29,996	18,128

Signed on behalf of the Board

H.O.G. Meinnert

Chairman



13.10. 1997

The accompanying notes form an integral part of this balance sheet.

Cash flow statement

For the year ended 31 December 1996

	Notes	1996		1995	
		£	£	£	£
Net cash outflow from operating activities	12a		(39,420)		(91,973)
Returns on investments and servicing of finance					
Interest received		7,343		19,771	
Net cash inflow from returns on investments and servicing of finance			7,343		19,771
Taxation					
Corporation tax paid		-		(1,285)	
			-		(1,285)
Investing activities					
Purchase of tangible fixed assets		-		(32,786)	
Sale of tangible fixed assets		-		4,375	
Net cash outflow from investing activities			-		(28,411)
Net cash outflow before financing			(31,953)		(101,898)
Decrease in cash and cash equivalents	12b		(31,953)		(101,898)

The accompanying notes form an integral part of this cash flow statement.

Notes to financial statements

31 December 1996

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

a) *Basis of accounting*

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

b) *Tangible fixed assets*

Tangible fixed assets are stated at cost net of accumulated depreciation.

Depreciation of tangible fixed assets is calculated to write off the cost of each asset over its expected useful life at the following annual rates:

Short leasehold premises	straight line over period of lease
Plant and equipment	15% reducing balance
Motor vehicles	25% reducing balance

c) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in the notes to the accounts.

d) *Foreign currency*

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract).

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to financial statements (continued)

1 Accounting policies (continued)

e) *Turnover*

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services provided in the normal course of business.

f) *Leases*

The company enters into operating leases.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2 Turnover

The turnover and pre-tax results are attributable solely to the supply of kitchen furniture.

All turnover took place in the United Kingdom.

3 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):

	1996 £	1995 £
Staff costs (see note 4)	130,667	129,731
Depreciation of tangible fixed assets - owned	10,476	15,251
Auditors' remuneration - audit fees	6,500	6,126
Operating lease rentals		
- plant and machinery	3,589	2,297
- other	95,000	95,000
Rent receivable	(61,196)	-

Notes to financial statements (continued)

4 Staff costs

Staff costs (including executive directors) during the year amounted to:

	1995 £	1995 £
Wages and salaries	116,021	115,778
Social security costs	12,933	12,342
Other pension costs	1,713	1,611
	<u>130,667</u>	<u>129,731</u>

The average weekly number of employees during the year was 5 (1995 - 5):

	1996 Number	1995 Number
Management and administration	2	2
Production, installation and sales	3	3
	<u>5</u>	<u>5</u>

All directors discharged their duties wholly or mainly outside the United Kingdom, and did not receive any emoluments in return for their work for the company.

5 Tax on profit (loss) on ordinary activities

	1996 £	1995 £
UK corporation tax at 25% (1995 - 25%)	<u>1,781</u>	<u>-</u>

Notes to financial statements (continued)

6 Tangible fixed assets

The movement in the year was as follows:

	Short leasehold premises £	Plant and equipment £	Motor vehicles £	Total £
Cost				
As at 31 December 1995	133,899	2,866	65,013	201,778
As at 31 December 1996	133,899	2,866	65,013	201,778
Depreciation				
As at 31 December 1995	133,899	177	24,722	158,798
Charge	-	403	10,073	10,476
As at 31 December 1996	133,899	580	34,795	169,274
Net book value				
As at 31 December 1995	-	2,689	40,291	42,980
As at 31 December 1996	-	2,286	30,218	32,504

7 Debtors

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	253,270	253,295
Other debtors	1,500	1,500
Prepayments and accrued income	30,014	29,557
	<u>284,784</u>	<u>284,352</u>

Notes to financial statements (continued)

8 Creditors: Amounts falling due within one year

	1996 £	1995 £
Trade creditors	6,786	4,408
Amounts owed to parent company	15,150	88,512
UK corporation tax payable	1,781	-
Social security and other taxes	71,339	76,617
Other creditors	10,000	10,000
Accruals and deferred income	24,858	4,242
	<u>129,914</u>	<u>183,779</u>

The amount of unprovided deferred tax at the end of the year is £nil (1995 - £ nil).

9 Provisions for liabilities and charges

	1996 £	1995 £
Future rent payable	<u>200,000</u>	<u>200,000</u>

The provision for future rent payable represents future liabilities in respect of property not in use by the company.

10 Guarantees and other financial commitments

a) Operating lease commitments

The company leases certain land and buildings under an operating lease, due to expire on 23 June 2012. The minimum annual rental under this lease is £95,000.

b) Capital commitments

There were no material capital commitments at 31 December 1996 (1995 - nil).

11 Equity

	1996 £	1995 £
<i>Authorised, allotted, called-up and fully-paid</i>		
1 million ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Notes to financial statements (continued)

12 Cash flow information

a) Reconciliation of operating profit to net inflow from operating activities

	1996 £	1995 £
Operating profit (loss)	6,306	(53,419)
Depreciation charges	10,476	15,251
Loss on disposal of fixed assets	-	16,813
Decrease in stocks	-	5,000
Increase in debtors	(432)	(31,250)
Decrease in creditors and provisions for liabilities and charges	(55,770)	(44,368)
Net cash outflow from operating activities	<u>(39,420)</u>	<u>(91,973)</u>

b) Analysis of changes in cash and cash equivalents during the year

	1996 £	1995 £
Balance at 1 January 1996	74,575	176,473
Net cash outflow	<u>(31,953)</u>	<u>(101,898)</u>
Balance at 31 December 1996	<u>42,622</u>	<u>74,575</u>

13 Reconciliation of movement in shareholders' funds

	1996 £	1995 £
Retained profit (loss) for the financial year	11,868	(33,648)
Opening shareholders' funds	<u>18,128</u>	<u>51,776</u>
Closing shareholders' funds	<u>29,996</u>	<u>18,128</u>

Notes to financial statements (continued)

14 Ultimate parent company

The company is a subsidiary undertaking of Snaidero R. SpA, incorporated in Italy.

The largest group of which "Rational" Built-in -Kitchens (U.K.) Limited is a member and for which group financial statements are drawn up is that headed by Snaidero R. SpA, incorporated in Italy, whose principal place of business is Majano (Udine), Italy.

The smallest such group is that headed by >rational< einbauküchen GmbH, incorporated in Germany, whose principal place of business is 49328 Melle-Riemsloh, Germany.

The consolidated financial statements of the largest group are available to the public and may be obtained from the above address.

15 Related party transactions

As the company is a 100% subsidiary undertaking of Snaidero R. SpA, whose accounts are available to the public, the company has relied upon the exemption in FRS 8 and not disclosed transactions with other group companies.