

Registered no: 1277170

AAH Consumer Products Limited
Annual report
for the nine months ended 31 December 1995



AAH Consumer Products Limited

Annual report for the nine months ended 31 December 1995

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AAH Consumer Products Limited

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Directors and advisers

Executive directors

G Greenhalgh - Chairman

S M Meister

Secretary and registered office

F J Murphy
Unit C
Hampton Court
Tudor Road
Runcorn
Cheshire
WA7 1TX

Registered Auditors

Coopers & Lybrand
1 East Parade
Sheffield
S1 2ET

Bankers

Lloyds Bank PLC
P O Box 108
India Buildings
Water Street
Liverpool
L69 2BT

Solicitors

Wilde Sapte
1 Fleet Place
London
EC4 7WS

Directors' report for the nine months ended 31 December 1995

The directors present their report and the audited financial statements for the nine months ended 31 December 1995.

Results

Details of the results for the financial period are set out in the profit and loss account on page 6.

Principal activities

The company's principal activities continue to be distribution and wholesaling of electrical and other consumer goods.

Review of business and future prospects

On 2 May 1995 a controlling interest in AAH plc was obtained by GEHE (UK) plc, as a result of a public takeover offer. GEHE (UK) plc is a subsidiary of GEHE AG, a company registered in Germany and quoted on the Frankfurt stock exchange.

The level of business and period end financial position are considered to be satisfactory. The directors have taken the decision to close the Scottish warehouse and provision has been made for the expected costs of this closure. The business of Hedway was branched into AAH Distribution Services Limited on 1 January 1996. It is expected that AAH Consumer Products Limited will cease to trade during the next 12 months.

On 31 March 1995 the majority of the electrical wholesaling and distribution business was sold as part of the ongoing reorganisation of the AAH Group. This sale was completed early in this financial period and a profit of £306,000 arose as a result of a release of provisions. (Year ended 31 March 1995: loss £2,549,000) The results arising for this business in the trade-out period have been shown as discontinued in accordance with Financial Reporting Standard Number 3.

Dividends and transfers to reserves

The directors propose to pay a dividend of £7,000,000 for the nine month period ended 31 December 1995 (Year ended 31 March 1995 £Nil). The retained loss for the financial period will be transferred from reserves.

Directors

The directors of the company during the nine months ended 31 December 1995, who have been directors for the whole of the period, except where otherwise stated, were as follows:

G Greenhalgh	
S M Meister	(Appointed 31 May 1995)
A H E Cohen	(Resigned 31 May 1995)
A W Revell	(Resigned 31 May 1995)
A L Wallis	(Resigned 31 May 1995)
C J Foulstone	(Resigned 1 April 1995)

In accordance with the Articles of Association, none of the directors are required to retire by rotation.

Directors' interests

The interests of the directors in the share capital of AAH plc were as follows:

	Ordinary shares of 25p each	
	31 December 1995	1 April 1995
A H E Cohen	-	8,382

Executive share options

	Share options on ordinary shares of 25p each		
	31 December 1995	Options withdrawn	1 April 1995
A H E Cohen	-	(5,000)	5,000
C J Foulstone	-	(5,000)	5,000

Savings related share options

	Share options on ordinary shares of 25p each		
	31 December 1995	Options withdrawn	1 April 1995
A H E Cohen	-	(6,177)	6,177
C J Foulstone	-	(3,636)	3,636

None of the directors had any interest in the shares of GEHE AG or Franz Haniel & Cie GmbH, the ultimate holding company.

The directors' interests set out above are according to the register kept in accordance with the Companies Act 1985. As permitted by statutory instrument the register does not include any shareholdings of directors who are also directors of AAH plc.

Directors' interests in contracts

None of the directors had a significant interest in any contract or arrangement to which the company was party during the period.

Fixed assets

Details of fixed assets are shown in note 11 to the financial statements. In the opinion of the directors there is no material difference between the market value and the book value of the company's properties at 31 December 1995.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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 of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the nine months ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By Order of the Board



F J Murphy
Secretary
14 March 1996

Report of the auditors to the members of AAH Consumer Products Limited

We have audited the financial statements on pages 6 to 18.

Respective responsibilities of directors and auditors

As described on page 4 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.

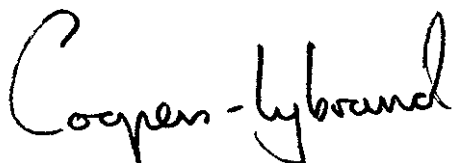
Basis of opinion

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 the company's affairs at 31 December 1995 and of its results for the nine months then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Coopers - Lybrand". The signature is written in a cursive, flowing style.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Sheffield

14 March 1996

Profit and loss account for the nine months ended 31 December 1995

	Notes	Continuing operations	Discontinued operations	Total	Total
		9 Months ended 31 December 1995 £'000	9 Months ended 31 December 1995 £'000	9 Months ended 31 December 1995 £'000	12 Months ended 31 March 1995 £'000
Turnover	2,3	23,900	1,395	25,295	56,795
Cost of sales	3	(20,559)	(1,081)	(21,640)	(49,250)
Gross profit		3,341	314	3,655	7,545
Net operating expenses	3	(2,818)	(310)	(3,128)	(6,964)
Operating profit		523	4	527	581
Profit / (loss) on disposal of discontinued operations	6	-	306	306	(2,549)
Profit / (loss) on ordinary activities before interest		523	310	833	(1,968)
Interest payable	7			(156)	(410)
Profit / (loss) on ordinary activities before taxation	8			677	(2,378)
Taxation	9			12	151
Profit / (loss) for the financial period				689	(2,227)
Dividends	10			(7,000)	-
Retained deficit for the period	18			(6,311)	(2,227)

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained deficit for the period stated above, and their historical cost equivalents.

Balance sheet at 31 December 1995

	Notes	31 December 1995 £'000	31 March 1995 £'000
Fixed assets			
Tangible assets	11	<u>2,679</u>	<u>3,286</u>
Current assets			
Stocks	12	6,266	5,132
Debtors	13	13,634	11,278
Cash at bank and in hand		<u>4,190</u>	<u>598</u>
		24,090	17,008
Creditors: amounts falling due within one year	14	<u>(19,293)</u>	<u>(6,687)</u>
Net current assets		<u>4,797</u>	<u>10,321</u>
Total assets less current liabilities		<u>7,476</u>	<u>13,607</u>
Creditors: amounts falling due after more than one year	15	(6,340)	(6,000)
Provisions for liabilities and charges	16	<u>(79)</u>	<u>(239)</u>
		<u>(6,419)</u>	<u>(6,239)</u>
Net assets		<u><u>1,057</u></u>	<u><u>7,368</u></u>
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	18	<u>957</u>	<u>7,268</u>
Equity shareholders' funds	19	<u><u>1,057</u></u>	<u><u>7,368</u></u>

The financial statements on pages 6 to 18 were approved by the board of directors on 14 March 1996 and were signed on its behalf by:



S M Meister
Director

Notes to the financial statements for the nine months ended 31 December 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

In accordance with Financial Reporting Standard No 3 the results for the period have been analysed between continuing and discontinued operations.

Goodwill

Goodwill represents the excess of purchase consideration over the fair value of net assets acquired. Such goodwill is written off to reserves.

Tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated by reference to the expected lives of the assets concerned. The following annual depreciation rates are applied on a straight line basis:

	%
Freehold buildings	2
Short leasehold land and buildings	life of lease
Motor vehicles	20 - 25
Plant and equipment	20 - 25

Freehold land and long leasehold investment properties are not depreciated.

Operating leases

Operating lease costs are charged against trading profit on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Turnover

Turnover, which excludes value added tax and trade discount, represents the invoiced value of goods and services supplied.

Deferred taxation

Tax deferred or accelerated is accounted for, using the liability method, in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company participates in two pension schemes, one defined benefit and one defined contribution, operated by AAH plc. The assets of the schemes are independent of the company's and the group's finances. Contributions to the schemes are determined by a professionally qualified independent actuary. They are based on pension costs across the group as a whole and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The most recent actuarial valuation of the group's principal defined benefit scheme was carried out at 5 April 1994, particulars of which are disclosed in the financial statements of AAH plc.

The company provides no other post retirement benefits to its employees.

Cash flow statement

A cash flow statement has not been prepared on the grounds that the company is a wholly owned subsidiary of AAH plc, which company presents a consolidated cash flow statement in its financial statements.

2 Turnover

All turnover arises from sales in the United Kingdom .

3 Net operating expenses and other operating income

	9 Months ended 31 December 1995			12 Months ended 31 March 1995		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Turnover	23,900	1,395	25,295	22,106	34,689	56,795
Cost of sales	(20,559)	(1,081)	(21,640)	(18,861)	(30,389)	(49,250)
Gross profit	3,341	314	3,655	3,245	4,300	7,545
Net operating expenses:						
Distribution costs	(2,040)	(102)	(2,142)	(1,869)	(3,802)	(5,671)
Administration expenses	(779)	(233)	(1,012)	(315)	(978)	(1,293)
Other operating income	1	25	26	-	-	-
	(2,818)	(310)	(3,128)	(2,184)	(4,780)	(6,964)
Operating profit / (loss)	523	4	527	1,061	(480)	581

4 Directors' emoluments

	9 Months ended 31 December 1995 £'000	12 Months ended 31 March 1995 £'000
For management	13	123
Pension contributions	2	8
Compensation for loss of office	-	197
	15	328

Emoluments (excluding pension contributions) include amounts paid to

	9 Months ended 31 December 1995	12 Months ended 31 March 1995
The chairman	-	-
The highest-paid director	13	64

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	9 Months ended 31 December 1995	12 Months ended 31 March 1995
£0 to £5,000	5	3
£10,001 to £15,000	1	1
£90,001 to £95,000	-	1
£215,001 to £220,000	-	1

The emoluments of Mr Greenhalgh, Mr Meister, Mr Revell and Mr Wallis are paid by AAH Subsidiaries Limited. Mr Greenhalgh, Mr Meister, Mr Revell and Mr Wallis are directors of AAH Subsidiaries Limited and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of Mr Greenhalgh, Mr Meister, Mr Revell and Mr Wallis. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Subsidiaries Limited.

5 Employee information

The average weekly number of persons (including executive directors) employed during the period was:

	9 Months ended 31 December 1995	12 Months ended 31 March 1995
By function		
Selling and distribution	43	146
Administration	18	51
	<u>61</u>	<u>197</u>

	9 Months ended 31 December 1995 £'000	12 Months ended 31 March 1995 £'000
Staff costs (for the above persons)		
Wages and salaries	595	2,494
Social security costs	53	209
Other pension costs	6	59
	<u>654</u>	<u>2,762</u>

6 Profit / (loss) on disposal of discontinued operations

	9 Months ended 31 December 1995 £'000	12 Months ended 31 March 1995 £'000
Discontinued operations		
Profit / (loss) on disposal of electrical distribution business	306	(1,849)
Goodwill written back on disposal	-	(700)
	<u>306</u>	<u>(2,549)</u>

On 31 March 1995 the company sold the electrical distribution business as part of an ongoing reorganisation of the AAH Group activities. This sale was completed in the period ended 31 December giving rise to a profit on disposal.

7 Net interest payable

	9 Months ended 31 December 1995 £'000	12 Months ended 31 March 1995 £'000
Interest payable:		
Group interest payable	285	509
Interest receivable:		
Bank interest receivable	(93)	(59)
Other interest receivable	(36)	(40)
	(129)	(99)
Net interest payable	156	410

8 Profit / (loss) on ordinary activities before taxation

	9 Months ended 31 December 1995	12 Months ended 31 March 1995
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation charge for the period:		
Tangible owned fixed assets	234	545
Auditors' remuneration for:		
Audit	7	35
Non-audit services	-	18
Hire of plant and machinery - operating leases	3	13
Hire of other assets - operating leases	267	322
Profit on disposal of tangible fixed assets	(25)	(1)
Costs of Scottish warehouse closure	350	-
Other reorganisation costs	90	-

9 Taxation

	9 Months ended 31 December 1995 £'000	12 Months ended 31 March 1995 £'000
United Kingdom corporation tax at 33% (Year ended 31 March 1995: 33%)		
Current	240	-
Deferred (note 16)	(125)	-
Under-provision in respect of prior years:		
Current	(127)	29
Group relief receivable	-	(180)
	<hr/>	<hr/>
Taxation credit	(12)	(151)
	<hr/>	<hr/>

The taxation credit for the period has benefited from certain charges which have now been incurred, for which tax relief is now available.

10 Dividends

	9 Months ended 31 December 1995 £'000	12 Months ended 31 March 1995 £'000
Dividends on equity shares:		
Ordinary final proposed of £70 per share	7,000	-
	<hr/>	<hr/>

11 Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 1995	2,840	509	901	929	5,179
Additions	-	-	-	-	-
Group transfers out	-	-	(556)	(261)	(817)
Disposals	-	-	(8)	(269)	(277)
At 31 December 1995	2,840	509	337	399	4,085
Depreciation					
At 1 April 1995	319	315	790	469	1,893
Charge for period	47	63	37	87	234
Accelerated depreciation	-	120	-	-	120
Disposals	-	-	(6)	(212)	(218)
Group transfers out	-	-	(499)	(124)	(623)
At 31 December 1995	366	498	322	220	1,406
Net book value					
At 31 December 1995	2,474	11	15	179	2,679
Net book value					
At 31 March 1995	2,521	194	111	460	3,286

12 Stocks

	31 December 1995 £'000	31 March 1995 £'000
Finished goods and goods for resale	6,266	5,132

AAH Consumer Products Limited

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13 Debtors

	31 December 1995 £'000	31 March 1995 £'000
Amounts falling due after more than one year		
Deferred taxation (note 16)	125	-
Amounts falling due within one year		
Trade debtors	12,521	8,364
Amounts owed by parent company and fellow subsidiary undertakings	128	311
Group relief receivable	307	-
Other debtors	10	2,227
Prepayments and accrued income	543	376
	<u>13,634</u>	<u>11,278</u>

14 Creditors: amounts falling due within one year

	31 December 1995 £'000	31 March 1995 £'000
Bank loans and overdrafts	-	49
Trade creditors	10,082	3,523
Amounts owed to parent company and fellow subsidiary undertakings	186	59
Corporation tax	264	33
Other taxation and social security payable	1,266	697
Other creditors	324	1,885
Accruals and deferred income	171	441
Dividends payable	7,000	-
	<u>19,293</u>	<u>6,687</u>

15 Creditors: amounts falling due after more than one year

	31 December 1995 £'000	31 March 1995 £'000
Amounts owed to group undertakings	<u>6,340</u>	<u>6,000</u>

Amounts owed to group undertakings represent an unsecured loan from the company's immediate parent company. This loan bears interest at a rate of 1% above bank base rate and has no fixed repayment terms. The amounts have no fixed repayment date but are considered by the directors not to be due within one year.

19 Reconciliation of movement in shareholders' funds

	31 December 1995 £'000	31 March 1995 £'000
Opening shareholders' funds	7,368	8,895
Profit / loss for the financial period	689	(2,227)
Goodwill transferred to profit and loss account in respect of a disposal previously written off	-	700
Dividends	(7,000)	-
Closing shareholders' funds	<u>1,057</u>	<u>7,368</u>

20 Capital commitments

The company had no capital commitments at 31 December 1995 (31 March 1995 :£Nil)

21 Financial commitments

At 31 December 1995 the company had annual commitments under non-cancellable operating leases for land and buildings as follows:

	Land and buildings	
	31 December 1995 £'000	31 March 1995 £'000
Expiring within one year	80	140
Expiring within two to five years	-	-
Expiring in over five years	253	220
	<u>333</u>	<u>360</u>

The company had certain commitments under forward exchange contracts and outstanding liabilities under documentary credits within the normal course of trading. At 31 December 1995 these amounted to £1,365,000 (31 March 1995 :£697,000).

22 Ultimate parent company

The ultimate parent undertaking is Franz Haniel & Cie GmbH by virtue of its majority shareholding in GEHE AG and its consolidation of the GEHE AG Group results into its own consolidated financial statements.

Consolidated accounts for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D47119 Duisburg Ruhrort, Germany.

Consolidated accounts for the smallest group of undertakings are prepared by AAH plc and may be obtained from the Company Secretary, AAH plc, Hampton Court, Tudor, Manor Park, Runcorn, Cheshire WA71TX.