

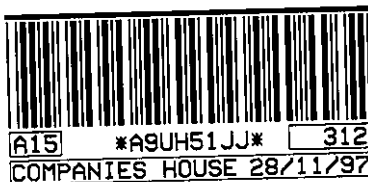
2407362

Kenwood Marks Limited

Report and Accounts

4 April 1997

ERNST & YOUNG



Kenwood Marks Limited

Registered No: 2407362

DIRECTORS

C J Gordon
A J Douglas
P Hotston
M J Lapham
K Moloney
P R Taylor

SECRETARY

D M Hatton

AUDITORS

Ernst & Young
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

Midland Bank plc
Pall Mall Branch
69 Pall Mall
London
SW1Y 5EY

REGISTERED OFFICE

New Lane
Havant
Hampshire
PO9 2NH

Kenwood Marks Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 4 April 1997.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,852,000. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the holding of and licensing of Kenwood trademarks.

The directors continue to search for further opportunities for the company to develop the Kenwood brand.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

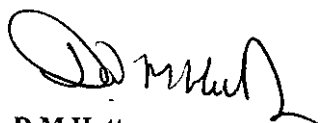
C J Gordon	(appointed 3 March 1997)
A J Douglas	(appointed 13 August 1996)
P Hotston	
M J Lapham	
K Moloney	(appointed 1 July 1996)
P R Taylor	
T P Beech	(resigned 28 February 1997)
G E Fridlington	(resigned 31 August 1996)

No director was interested in the shares of the company at any time during the year. All of the directors in office at 4 April 1997 are also directors of Kenwood Appliances plc and their interests in the shares of Kenwood Appliances plc fall to be dealt with in the accounts of that company.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



D M Hatton

Secretary

31 July 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on a 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Kenwood Marks Limited

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

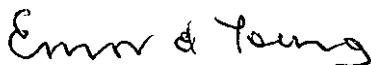
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 4 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Southampton

1 August 1997

Kenwood Marks Limited

PROFIT AND LOSS ACCOUNT for the year ended 4 April 1997

		<i>Year ended</i> <i>4 April</i> <i>1997</i> <i>£000</i>	<i>Period to</i> <i>4 April</i> <i>1996</i> <i>£000</i>
	<i>Notes</i>		
TURNOVER			
Continuing operations	2	4,177	3,821
Exchange loss on translation of currency balances		(69)	(29)
		<hr/>	<hr/>
OPERATING PROFIT			
Continuing operations	3	4,108	3,792
Interest payable to group undertakings		(1,296)	(1,192)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,812	2,600
Tax on profit on ordinary activities	4	(960)	(858)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,852	1,742
Dividends	5	-	(1,742)
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		1,852	-
		<hr/>	<hr/>

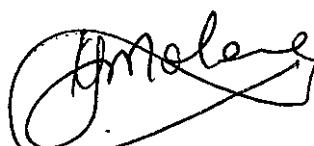
There are no gains or losses attributable to the members other than the profit for the year of £1,852,000 (1996: £1,742,000).

Kenwood Marks Limited

BALANCE SHEET

at 4 April 1997

	Notes	1997 £000	1996 £000
CURRENT ASSETS			
Debtors	6	20,030	16,968
Creditors: amounts falling due within one year	7	18,178	16,968
NET CURRENT ASSETS		<u>1,852</u>	<u>-</u>
CAPITAL AND RESERVES			
Share capital	8	-	-
Profit and loss account	9	1,852	-
SHAREHOLDERS' FUNDS - equity interests		<u>1,852</u>	<u>-</u>



JCS MOLONEY
Director

31/3/97

Kenwood Marks Limited

NOTES TO THE ACCOUNTS

at 4 April 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard No.1 and has not presented a cash flow statement. The cash flow statement has been presented in the group accounts of the ultimate parent undertaking.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover and profit before taxation is attributable to one continuing activity.

An analysis of turnover by geographical market is given below:

	<i>Year ended 4 April 1997 £000</i>	<i>Period to 4 April 1996 £000</i>
United Kingdom	3,216	2,879
Europe	863	847
Australasia	76	69
Africa	22	26
	<u>4,177</u>	<u>3,821</u>

3. AUDITORS' REMUNERATION

Auditors' remuneration for the year amounted to £1,000 (1996: £1,000) and the cost has been borne by a fellow subsidiary undertaking.

Kenwood Marks Limited

NOTES TO THE ACCOUNTS at 4 April 1997

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Year ended 4 April 1997 £000</i>	<i>Period to 4 April 1996 £000</i>
Based on the profit for the year:		
Corporation tax at 33% (1996: 33%)	928	858
Double taxation relief	-	(34)
	<u>928</u>	<u>824</u>
Overseas taxation	32	34
	<u>960</u>	<u>858</u>

The corporation tax charge for the current year represents a charge from a fellow subsidiary undertaking for group relief.

5. DIVIDENDS

	<i>Year ended 4 April 1997 £000</i>	<i>Period to 4 April 1996 £000</i>
Ordinary - final proposed: £Nil per share (1996: £871,000 per share)	-	1,742

6. DEBTORS

	<i>1997 £000</i>	<i>1996 £000</i>
Amounts owed by group undertakings	18,967	16,968
Corporation tax recoverable	1,063	-
	<u>20,030</u>	<u>16,968</u>

7. CREDITORS: amounts falling due within one year

	<i>1997 £000</i>	<i>1996 £000</i>
Current corporation tax	-	79
Amounts owed to group undertakings	18,178	16,889
	<u>18,178</u>	<u>16,968</u>

Kenwood Marks Limited

NOTES TO THE ACCOUNTS at 4 April 1997

8. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	100	100	2	2

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 4 April 1995	-	-	-
Profit for the period	-	1,742	1,742
Dividend	-	(1,742)	(1,742)
At 4 April 1996	-	-	-
Profit for the year	-	1,852	1,852
At 4 April 1997	-	1,852	1,852

10. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Kenwood Appliances plc, registered in England.

The consolidated accounts of Kenwood Appliances plc are those of both the smallest and largest group of which the company is a member for which group accounts are prepared. The consolidated accounts can be obtained from the Company Secretary, Kenwood Appliances plc, New Lane, Havant, Hampshire, PO9 2NH.

11. RELATED PARTY TRANSACTIONS

The company has utilised exemptions under Financial Reporting Standard No.8 as a wholly owned subsidiary not to disclose transactions with other group entities.