



Scotsman Beverage Systems Limited  
(formerly Scotsman Drink Limited)  
and subsidiary undertakings

Accounts 31 December 1998  
together with directors' and auditors' reports

Registered number: 2884087

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## Directors' report

For the year ended 31 December 1998

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 31 December 1998.

### Principal activity and business review

The principal activity of the group continues to be the factoring and manufacture of drink dispensing equipment.

During the year the group achieved a profit before tax of £2,764,000 (1997 - £2,410,000) on turnover of £28,494,000 (1997 - £23,082,000).

The directors expect the general level of activity of the group to increase in the forthcoming year. The group continues to invest in research and development.

### Post balance sheet event

On 29 June 1999 the company changed its name to Scotman Beverage Systems Limited.

On 13 August 1999 the entire issued share capital of Scotsman Industries Inc., the company's ultimate parent company, was acquired by Berisford Plc.

### Results and dividends

Group results are as follows:

	£'000
Retained profit, beginning of year	3,335
Group profit for the financial year	1,565
Retained profit, end of year	<u>4,900</u>

The directors do not recommend payment of a dividend.

### Directors and their interests

The directors who served during the year and subsequently are as shown below:

R C Osborne - Chairman (US Citizen)

M J de St Paer

G F Cook

D Holmes (US Citizen)

The directors who held office at 31 December 1998 had no interests required to be disclosed under Schedule 7 of the Companies Act 1985.

## Directors' report (continued)

### Directors' responsibilities

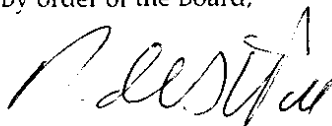
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chancel Way  
Halesowen Industrial Park  
Halesowen  
West Midlands  
B62 8SE

By order of the Board,



M J de St Paer

Director

25 October 1999

## Auditors' report

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Birmingham

**To the Shareholders of Scotsman Beverage Systems Limited (formerly Scotsman Drink Limited):**

We have audited the accounts on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 9.

### **Respective responsibilities of directors and auditors**

As described on page 2, 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 circumstances of the company and of the group, 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 and of the group at 31 December 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

1 Victoria Square  
Birmingham  
B1 1BD

25 October 1999

# Consolidated profit and loss account

For the year ended 31 December 1998

	Notes	1998 £'000	1997 £'000
<b>Turnover</b>			
- Existing operations		23,732	23,082
- Acquisitions		4,762	-
	2	28,494	23,082
Cost of sales		(20,523)	(16,859)
<b>Gross profit</b>		7,971	6,223
Other operating expenses (net)	3	(4,573)	(3,560)
Share of associate's operating (loss) profit	4	(112)	50
<b>Operating profit (loss)</b>			
- Existing operations		3,454	2,713
- Acquisitions		(168)	-
		3,286	2,713
Interest receivable and similar income	5	143	101
Interest payable and similar charges	6	(665)	(404)
<b>Profit on ordinary activities before taxation</b>	7	2,764	2,410
Tax on profit on ordinary activities	9	(1,199)	(1,008)
<b>Profit for the financial year</b>		1,565	1,402
<b>Retained profit, beginning of year</b>		3,335	1,933
<b>Retained profit, end of year</b>	18	4,900	3,335

There were no recognised gains or losses in either period other than the profit for each year.

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

# Consolidated balance sheet

31 December 1998

	Notes	1998 £'000	1997 £'000
<b>Fixed assets</b>			
Intangible assets	10	11,638	9,660
Tangible assets	11	1,766	891
Investments	12	1,114	4,059
		<u>14,518</u>	<u>14,610</u>
<b>Current assets</b>			
Stocks	13	4,084	3,644
Debtors	14	4,374	3,914
Cash at bank and in hand		2,166	1,830
		<u>10,624</u>	<u>9,388</u>
<b>Creditors: Amounts falling due within one year</b>	15	(5,083)	(4,638)
<b>Net current assets</b>		<u>5,541</u>	<u>4,750</u>
<b>Total assets less current liabilities</b>		20,059	19,360
<b>Creditors: Amounts falling due after more than one year</b>	16	(6,762)	(7,628)
<b>Net assets</b>		<u>13,297</u>	<u>11,732</u>
<b>Capital and reserves</b>			
Called-up share capital	17	8,397	8,397
Profit and loss account	18	4,900	3,335
<b>Shareholders' funds, all equity</b>	19	<u>13,297</u>	<u>11,732</u>

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

# Company balance sheet

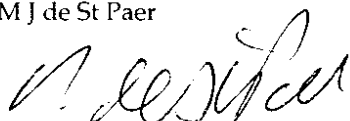
31 December 1998

	Notes	1998 £'000	1997 £'000
<b>Fixed assets</b>			
Investments	12	15,737	17,006
<b>Current assets</b>			
Debtors - due within one year	14	1,446	105
- due after one year	14	-	210
Cash		16	16
		1,462	331
<b>Creditors: Amounts falling due within one year</b>	15	(1,540)	(227)
<b>Net current (liabilities) assets</b>		(78)	104
<b>Total assets less current liabilities</b>		15,659	17,110
<b>Creditors: Amounts falling due after more than one year</b>	16	(6,500)	(7,500)
<b>Net assets</b>		9,159	9,610
<b>Capital and reserves</b>			
Called-up share capital	17	8,397	8,397
Profit and loss account	18	762	1,213
<b>Shareholders' funds, all equity</b>		9,159	9,610

Signed on behalf of the Board

M J de St Paer

Director



25 October 1999

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

# Notes to accounts

31 December 1998

## 1 Accounting policies

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

### *a) Basis of accounting*

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

The company is exempt from the requirements of FRS 1 to include a cash flow statement as part of its accounts because consolidated accounts in which Scotsman Beverage Systems Limited (formerly Scotsman Drink Limited) is included are publicly available.

### *b) Basis of consolidation*

The group accounts consolidate the accounts of Scotsman Beverage Systems Limited (formerly Scotsman Drink Limited) and its subsidiary undertakings made up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method with goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets and liabilities acquired) has been capitalised and is being amortised over a period of 20 years, being the directors' estimate of its expected useful life.

No profit and loss account is presented for Scotsman Beverage Systems Limited (formerly Scotsman Drink Limited) as provided by section 230 of the Companies Act 1985. The company's loss for the financial period determined in accordance with the Act, was £451,000 (1997: profit of £1,343,000).

### *c) Intangible assets – Patents*

Patents are included at cost and depreciated in equal annual instalments over their estimated useful economic life. Provision is made for any impairment.

### *d) Research and development*

Research and development expenditure is written off as incurred.

### *e) Investments*

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

In the group accounts the investment held in the 50% associated undertaking is accounted for using the equity method. The consolidated profit and loss account includes the group's share of this undertaking's profits less losses while the group's share of the net assets of the associated undertaking is shown in the consolidated balance sheet.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### f) *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Leasehold improvements	over lesser of period of leases or 10 years
Plant and machinery	8 years
Fixtures and fittings	5-8 years
Motor vehicles	4 years

#### g) *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Work-in-progress	-	cost of direct materials and labour, plus a reasonable proportion
and finished goods		of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### h) *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 accounts and by the tax legislation) has been calculated using 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.

#### i) *Pension costs*

The group provides pensions to certain employees through a pension scheme providing benefits based on final pensionable pay.

The assets of the scheme are held separately from those of the company, being invested with an insurance company.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### i) Pension costs (continued)

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid to independent pension schemes is shown as a separately identified liability or asset in the balance sheet.

#### j) Foreign currency

Transactions denominated in foreign currencies are recorded at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. 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.

#### k) Turnover

Group turnover comprises the value of sales (excluding VAT and similar taxes, trade discounts and intra-group transactions) of goods and services in the normal course of business.

#### l) Leases

The group enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance costs are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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.

#### m) Warranties

Claims under warranties are accounted for as and when they arise.

## Notes to accounts (continued)

### 2 Turnover

All of the group's turnover derives from the group's principal activity carried out in the United Kingdom.

The analysis of turnover by geographical market is as follows:

	1998 £'000	1997 £'000
United Kingdom	20,585	14,944
Other EC countries	4,252	1,692
Rest of the World	3,657	6,446
	<u>28,494</u>	<u>23,082</u>

### 3 Other operating expenses (net)

	1998			1997
	Existing activities £'000	Acquisitions £'000	Total £'000	Total £'000
Distribution costs	1,462	221	1,683	1,415
Research and development costs	429	69	498	389
Administrative expenses	1,923	469	2,392	1,756
	<u>3,814</u>	<u>759</u>	<u>4,573</u>	<u>3,560</u>

### 4 Share of (losses) profits of associated undertaking

	1998 £'000	1997 £'000
Operating (loss) profit	<u>(112)</u>	<u>50</u>

### 5 Interest receivable and similar income

	1998 £'000	1997 £'000
Bank interest	<u>143</u>	<u>101</u>

## Notes to accounts (continued)

### 6 Interest payable and similar charges

	1998 £'000	1997 £'000
Bank loans and overdrafts	641	381
Finance lease interest	24	23
	<u>665</u>	<u>404</u>

### 7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998 £'000	1997 £'000
Amortisation of goodwill	713	588
Depreciation and amounts written off tangible fixed assets		
- owned	276	155
- held under finance leases and hire purchase contracts	78	67
Operating lease rentals		
- property	417	196
- other	36	1
Auditors' remuneration		
- audit fees	34	22
- other	29	20
Staff costs (see note 8)	<u>4,867</u>	<u>3,668</u>

### 8 Staff costs

The average monthly number of employees (including executive directors) was:

	1998 Number	1997 Number
Production	166	140
Management and administration	<u>80</u>	<u>48</u>
	<u>246</u>	<u>188</u>

## Notes to accounts (continued)

### 8 Staff costs (continued)

Their aggregate remuneration comprised:

	1998 £'000	1997 £'000
Wages and salaries	4,348	3,238
Social security costs	311	270
Other pension costs	208	160
	<u>4,867</u>	<u>3,668</u>

At 31 December 1998 the following amounts were outstanding from non-director officers:

	£'000	Number of officers
Loans	<u>18,432</u>	<u>1</u>

Directors' remuneration was as follows:

	1998 £'000	1997 £'000
Emoluments	229	243
Fees as directors	5	10
Company contributions to money purchase schemes	13	13
Aggregate emoluments	<u>247</u>	<u>266</u>

The highest paid director received the following remuneration:

	1998 £'000	1997 £'000
Emoluments	143	143
Company contributions to money purchase schemes	13	13
	<u>156</u>	<u>156</u>

## Notes to accounts (continued)

### 8 Staff costs (continued)

The number of directors who were members of the pension schemes was as follows:

	1998 Number	1997 Number
Defined contribution scheme	1	1
Defined benefit scheme	1	2
	<u>2</u>	<u>3</u>

The directors of Scotsman Beverage Systems (formerly Scotsman Drink Limited) do not receive emoluments from the company, but are remunerated by Whitlence Drink Equipment Limited.

### 9 Tax on profit on ordinary activities

The tax charge comprises:

	1998 £'000	1997 £'000
Corporation tax at 31% (1997 - 31.5%)	<u>1,199</u>	<u>1,008</u>

## Notes to accounts (continued)

### 10 Intangible fixed assets

#### Group

Intangible fixed assets represent goodwill on consolidation.

	Goodwill £'000	Patents £'000	Total £'000
<b>Cost</b>			
Beginning of year	11,737	-	11,737
Additions	2,621	70	2,691
End of year	<u>14,358</u>	<u>70</u>	<u>14,428</u>
<b>Amortised</b>			
Beginning of year	2,077	-	2,077
Amortisation	713	-	713
End of year	<u>2,790</u>	<u>-</u>	<u>2,790</u>
<b>Net book value</b>			
Beginning of year	9,660	-	9,660
End of year	<u>11,568</u>	<u>70</u>	<u>11,638</u>

Goodwill is written off over 20 years, which the directors estimate to be the period over which benefits may reasonably be expected to accrue.

The company had no intangible fixed assets at either year end.

## Notes to accounts (continued)

### 11 Tangible fixed assets

Group	Freehold land and building	Leasehold Improve- ments £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
Beginning of year	-	251	1,348	413	295	2,307
Acquisitions	343	8	841	-	-	1,192
Additions	-	63	396	121	157	737
Disposals	-	-	(408)	-	(86)	(494)
End of year	<u>343</u>	<u>322</u>	<u>2,177</u>	<u>534</u>	<u>366</u>	<u>3,742</u>
<b>Depreciation</b>						
Beginning of year	-	159	903	216	138	1,416
Acquisitions	-	8	528	-	-	536
Charge for the year	-	21	181	69	83	354
Disposals	-	-	(264)	-	(66)	(330)
End of year	<u>-</u>	<u>188</u>	<u>1,348</u>	<u>285</u>	<u>1,545</u>	<u>1,976</u>
<b>Net book value</b>						
Beginning of year	<u>-</u>	<u>92</u>	<u>445</u>	<u>197</u>	<u>157</u>	<u>891</u>
End of year	<u>343</u>	<u>134</u>	<u>829</u>	<u>249</u>	<u>211</u>	<u>1,766</u>

Leased assets included in the above:

<b>Net book value</b>						
Beginning of year	<u>-</u>	<u>-</u>	<u>99</u>	<u>91</u>	<u>45</u>	<u>235</u>
End of year	<u>-</u>	<u>-</u>	<u>282</u>	<u>141</u>	<u>22</u>	<u>445</u>

The company had no tangible fixed assets at either year end.

### 12 Fixed asset investments

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Subsidiary undertaking	-	3,354	14,477	15,634
Associated undertaking	<u>1,114</u>	<u>705</u>	<u>1,260</u>	<u>1,372</u>
	<u>1,114</u>	<u>4,059</u>	<u>15,737</u>	<u>17,006</u>

## Notes to accounts (continued)

### 12 Fixed asset investments (continued)

The parent company and the group have investments in the following subsidiary undertakings and associated undertakings.

	<i>Country of registration</i>	<i>Principal activity</i>	<i>Holding %</i>	<i>Issued capital</i>
Whitlence Acquisition Limited	England and Wales	Holding of listed and unlisted investments	100%	150,000 A ordinary shares of £1 each
			100%	775,000 B ordinary shares of £1 each
			100%	75,000 C ordinary shares of £1 each
			100%	20,000 redeemable preference shares of £100 each
Whitlence Drink Equipment Limited	England and Wales	Factoring and manufacture of drink dispense equipment	100%	406,500,000 ordinary shares of 1p each
			100%	500,000 deferred shares of £1 each
SAW Technologies Limited	England and Wales	Design and development of drink dispense equipment	50%	20,000 ordinary shares of £1 each
Homark Holdings Limited	England and Wales	Holding company for The Homark Group Limited	100%	200,000 ordinary shares of £1 each
			100%	132,985 A ordinary shares of £1 each
			100%	420,000 10.5% preference shares of £1 each
The Homark Group Limited	England and Wales	Design, manufacture and sale of beer and wine dispensing equipment.	100%	1,546,779 ordinary shares of £1 each
Total Cellar Systems	England and Wales	Service of drink dispensing equipment	33%	25,000 ordinary shares of £1 each

The group's interest in the shares of Whitlence Drink Equipment Limited is held by Whitlence Acquisition Limited.

The group's interest in the shares of The Homark Group Limited are held by Homark Holdings Limited.

The group's interest in the shares of Total Cellar Systems are held by Whitlence Drink Equipment Limited.

## Notes to accounts (continued)

### 12 Fixed asset investments (continued)

In addition the group owns, via the Homark Group Limited, 100% of the ordinary share capital of the following dormant companies all registered in England and Wales.

Homark Limited

Homark Associates (Northern) Limited

Homark Products Limited

Midland Techniques Limited (formerly Homark Technical Services Limited and Homark Engineering Limited)

#### *Subsidiary undertakings*

	Group		Company	
	1998	1997	1998	1997
	£,000	£,000	£'000	£'000
<b>Cost</b>				
At beginning of year	3,354	-	15,634	12,280
Additions		3,354		3,354
Adjustment for Homark Holdings Limited	(3,354)	-	(1,157)	-
At end of year	-	3,354	14,477	15,634

On 16 December 1997 the company acquired 100% of the issued share capital of Homark Holdings Limited comprising the issue of 200,000 ordinary shares of £1 each, 132,985 A ordinary shares of £1 each and 420,000 10.5% preference shares of £1 each in the company. The fair value of the total consideration was £3,354,000. During the year ended 31 December 1998 £1,157,000 of the investment was reclassified as an intercompany balance with Homark Holdings Limited, as the amount had been used by the subsidiary to repay bank debt on acquisition.

Homark Holdings Limited and subsidiary undertakings were not consolidated into the accounts of Scotsman Beverage Systems Limited (formerly Scotsman Drink Limited) as at 31 December 1997 as the net assets and trading result were not material to the group. Consequently in the group accounts the investment was shown at cost. For the year ended 31 December 1998 the subsidiary investment has been consolidated into the group accounts using the acquisition method.

## Notes to accounts (continued)

### 12 Fixed asset investments (continued)

#### Associated undertakings

	Group 1998 £'000	Company 1998 £'000
At beginning of year	705	1,372
Acquisition at cost	521	-
Share of retained loss for the year	(112)	(112)
At end of year	<u>1,114</u>	<u>1,260</u>

In December 1998 the Group acquired 33% of the issued share capital of Total Cellar Services Limited for a cash consideration of £521,000.

### 13 Stocks

Group	1998 £'000	1997 £'000
Raw materials and consumables	3,315	3,223
Work-in-progress	261	192
Finished goods and goods for resale	508	229
	<u>4,084</u>	<u>3,644</u>

There is no material difference between the book value and replacement cost of stocks.

The company had no stocks at either year end.

### 14 Debtors

	1998		1997	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	4,082	-	3,710	-
Amounts owed by group undertakings	-	1,446	44	105
Prepayments and accrued income	292	-	160	-
	<u>4,374</u>	<u>1,446</u>	<u>3,914</u>	<u>105</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	-	210
	<u>4,374</u>	<u>1,446</u>	<u>3,914</u>	<u>315</u>

## Notes to accounts (continued)

### 15 Creditors: Amounts falling due within one year

	1998		1997	
	Group £'000	Company £'000	Group £'000	Company £'000
UK Corporation tax	1,339	-	867	-
Obligations under finance leases and hire purchase contracts	133	-	79	-
Trade creditors	2,664	-	2,917	-
Amounts owed to group undertakings	37	1,510	37	193
Taxation and social security	355	-	249	-
Accruals and deferred income	555	30	489	34
	<u>5,083</u>	<u>1,540</u>	<u>4,638</u>	<u>227</u>

### 16 Creditors: Amounts falling due after more than one year

	1998		1997	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	262	-	128	-
Bank loan	6,500	6,500	7,500	7,500
	<u>6,762</u>	<u>6,500</u>	<u>7,628</u>	<u>7,500</u>

The bank loan bears interest at commercial rates. The loan is not required to be repaid before 29 April 2000.

### 17 Called-up share capital

	1998 £'000	1997 £'000
<i>Authorised</i>		
10,000,000 (1997 - 10,000,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called-up and fully paid</i>		
8,397 (1997 - 8,397,517) ordinary shares of £1 each	<u>8,397</u>	<u>8,397</u>

## Notes to accounts (continued)

### 18 Reserves

	1998	
	Profit and loss account	
	Group	Company
	£'000	£'000
Beginning of year	3,335	1,213
Retained profit (loss) for the year	1,565	(451)
End of year	<u>4,900</u>	<u>762</u>

### 19 Reconciliation of movements in group shareholders' funds

	1998	1997
	£'000	£'000
Profit for the financial year	1,565	1,402
Opening shareholders' funds	<u>11,732</u>	<u>10,330</u>
Closing shareholders' funds	<u>13,297</u>	<u>11,732</u>

### 20 Guarantees and other financial commitments

#### a) Lease commitments

Annual commitments under non-cancellable operating leases relating to land and buildings are as follows:

	Group			
	1998		1997	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Operating leases which expire				
- within one year	-	18	-	-
- between two and five years	115	-	-	-
- after five years	249	-	196	-
	<u>364</u>	<u>18</u>	<u>196</u>	<u>-</u>

The company had no annual commitments under non-cancellable operating leases at either year end.

#### b) Capital Commitments

	1998	1997
	£'000	£'000
Group		
Contracted for but not provided for	<u>11</u>	<u>-</u>

The company had no capital commitments at either year end.

## Notes to accounts (continued)

### 20 Guarantees and other financial commitments (continued)

#### *c) Pension arrangements*

The group operates a defined benefit pension scheme for the employees of Whitlence Drink Equipment Limited. The pension cost for this scheme for the year was £158,000 (1997 - £146,000), being the regular cost. The additional premium cost charged in the profit and loss account relates to contributions made to the personal pension of one employee.

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was as at 1 December 1997 and used the projected unit method. The main actuarial assumptions were that salaries would increase by 4% p.a., and the return on scheme investments would be 6% p.a.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £1,893,000 and the actuarial value of the assets was sufficient to cover 78% of the benefits that had accrued to members after allowing for expected future increases in earnings. This deficit is being eliminated by the employer's current contribution rate of 17.5% of pensionable earnings.

A provision of £Nil (1997 - £5,000) is included in accruals and deferred income, being the excess of the accumulated pension cost over the amount paid.

In addition, for the employees of The Homark Group Limited, the group operates a defined contribution pension scheme (The Homark Group Personal Pension Plan). The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £30,688. At 31 December 1998 £1,500 was payable to the fund, and is included in creditors.

### 21 Ultimate parent company and controlling party

For the year ended 31 December 1998, the only group of which Scotsman Beverage Systems Limited (formerly Scotsman Drink Limited) is a member and for which group accounts are drawn up is that headed by Scotsman Industries Inc. whose principal place of business is at 755 Corporate Woods, Park Way, Vernon Hills, Illinois, 60061. The consolidated accounts of the group are available to the public from that address.

On 13 August 1999 Berisford Plc became the company's ultimate parent company and controlling party when it acquired the entire issued share capital of Scotsman Industries Inc.

### 22 Related party transaction

Related party transactions with group members are not disclosed under provisions of FRS8 as 100% of the voting rights are controlled within the group and consolidated accounts are publicly available.