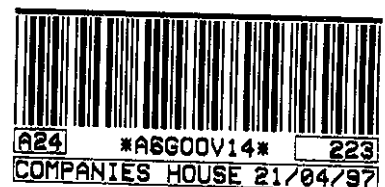


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Kuhn Rikon (U.K.) Limited
Directors' Report and Accounts
For the Year Ended 31st December 1996

Cook, Thompson & Co
Chartered Accountants and Registered Auditors
62A Chapel Ash
Wolverhampton
West Midlands
WV3 0TT

Company No. 1478359



Kuhn Rikon (U.K.) Limited

Company Information

Directors

J.G.W. Margetts

W.F. Auwaerter

Secretary

J.G.W. Margetts

Company Number

1478359

Registered Office

121 Wrottesley Road West
Tettenhall
Wolverhampton
WV6 2QJ

Auditors

Cook, Thompson & Co
62A Chapel Ash
Wolverhampton
West Midlands
WV3 0TT

Solicitors

Woolley Beavon
George House
St. Johns Square
Wolverhampton
WV2 4BZ

Bankers

National Westminster Bank Plc
Queen Square
Wolverhampton
WV1 1TR

Kuhn Rikon (U.K.) Limited

Contents

	Page
Directors' Report	1 to 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Accounts	7 to 13
The following pages do not form part of the Statutory Accounts:	
Management Profit and Loss Account	14 to 15

Kuhn Rikon (U.K.) LimitedDirectors' ReportFor the Year Ended 31st December 1996

The Directors present their report together with the audited accounts for the year ended 31st December 1996.

Principal Activity and Review of Business

The company's principal activity continued to be that of importing and wholesaling kitchen equipment, manufactured by the parent company.

Results

The results for the year are set out in the profit and loss account on page 4.

The directors consider the loss achieved on ordinary activities before taxation to be disappointing, in that despite an increase in sale, the gross profit has fallen and there is a substantial operating loss. The improved rate of exchange for the Swiss Franc has ameliorated the situation.

Dividends

The directors do not recommend a dividend and the retained loss of £26,522 will be deducted from reserves.

Fixed Assets

Details of movements in fixed assets are set out in the notes to the accounts.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were :

Ordinary Share of £1 each


J.G.W. Margetts

W.F. Auwaerter

31st December 1996	31st December 1995
4,963	4,963
1	1

Kuhn Rikon (U.K.) LimitedDirectors' ReportFor the Year Ended 31st December 1996Directors' Responsibilities

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

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts 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 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.

Auditors

A resolution to reappoint Cook, Thompson & Co. Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 5th March 1997 and signed on its behalf.



J.G.W. Margetts, Secretary

Auditors' Report to theMembers of Kuhn Rikon (U.K.) Limited

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

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 report our opinion to you.

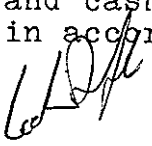
Basis of Opinion

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 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 mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 1996 and of its loss and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cook, Thompson & Co
Chartered Accountants
and Registered Auditors
62a Chapel Ash
Wolverhampton
West Midlands
WV3 0TT

16th April 1997

Kuhn Rikon (U.K.) LimitedProfit and Loss AccountFor the Year Ended 31st December 1996

	Notes	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<u>Turnover</u>	2	921,106	782,042
Cost of Sales		(753,507)	(592,848)
<u>Gross Profit</u>		167,599	189,194
Distribution Costs		(126,850)	(111,526)
Administrative Expenses		(122,781)	(110,008)
		(82,032)	(32,340)
Other operating income and Profit/Loss on currency exchange	3	91,482	(81,718)
<u>Operating Profit/Loss</u>	4	9,450	(114,058)
Interest receivable		850	13,350
Interest payable and similar charges	5	(36,822)	(36,046)
<u>Loss for the Financial Year</u>	14	(26,522)	(136,754)
<u>Retained Loss Brought Forward</u>		(424,334)	(287,580)
<u>Retained Loss Carried Forward</u>		<u>(450,856)</u>	<u>(424,334)</u>

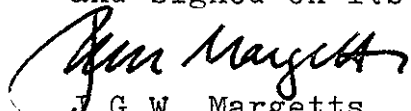
All amounts relate to continuing activities.

There were no recognised gains and losses for 1996 or 1995 other than those included in the profit and loss account.

Kuhn Rikon (U.K.) LimitedBalance SheetAs at 31st December 1996

	Notes	<u>1996</u>	<u>1995</u>
		<u>£</u>	<u>£</u>
<u>Fixed Assets</u>			
Tangible Assets	7	129,320	134,661
<u>Current Assets</u>			
Stocks	8	151,529	185,402
Debtors	9	285,738	197,006
Cash at Bank and in Hand		-	53,405
		<u>437,267</u>	<u>435,813</u>
<u>Creditors: Amounts Falling Due</u> Within One Year	10	<u>(872,603)</u>	<u>(849,968)</u>
<u>Net Current Liabilities</u>		<u>(435,336)</u>	<u>(414,155)</u>
<u>Total Assets Less Current Liabilities</u>		<u>(306,016)</u>	<u>(279,494)</u>
<u>Creditors: Amounts Falling Due</u> After More Than One Year	11	<u>(110,000)</u> <u>(416,016)</u>	<u>(110,000)</u> <u>(389,494)</u>
<u>Capital and Reserves</u>			
Share Capital - equity	13	19,840	19,840
Share premium account	14	15,000	15,000
Profit and Loss Account	14	(450,856)	(424,334)
Shareholders' funds	18	<u>(416,016)</u>	<u>(389,494)</u>

These accounts were approved by the Board on 5th March 1997
and signed on its behalf.


J.G.W. Margetts
Director

Kuhn Rikon (U.K.) LimitedCash Flow StatementFor the Year Ended 31st December 1996

	Notes	<u>1996</u>	<u>1995</u>
		<u>£</u>	<u>£</u>
<u>Net Cash Outflow from Operating Activities</u>	15	(53,355)	(336,040)
<u>Returns on Investments and Servicing of Finance</u>			
Interest received		850	13,350
Interest paid		<u>(36,822)</u>	<u>(36,046)</u>
<u>Net Cash Outflow from Returns on Investments and Servicing of Finance</u>		(35,972)	(22,696)
<u>Investing Activities</u>			
Purchase of tangible fixed assets		<u>(435)</u>	<u>(5,695)</u>
<u>Net Cash Outflow from Investing Activities</u>		<u>(435)</u>	<u>(5,695)</u>
<u>Decrease in Cash and Cash Equivalents</u>	16	<u>(89,762)</u>	<u>(364,431)</u>

Kuhn Rikon (U.K.) LimitedNotes to the AccountsFor the Year Ended 31st December 19961. Accounting PoliciesBasis of Accounting

The Accounts have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost less the estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives on the following bases :

Freehold Properties	2% Straight line on the building
Fixtures and fittings	20% Reducing balance
Computer equipment	33.3% Straight line

Stocks

Stocks have been valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items. Stock is valued at 1.75 Swiss Francs to the pound.

Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

Foreign Currencies

The policy adopted by the company is to provide for unrealised exchange losses but not for unrealised exchange profits on long term monetary items. This conforms to statutory accounting principles which only allow profits realised at the balance sheet date to be included in the Profit and Loss Account. The Directors consider this gives a true and fair view.

During the year a standard rate of exchange is used on goods and services invoiced by the parent company. The profit or loss is posted either against the reserve or directly to the profit and loss as appropriate. The exchange rate used in 1996 was 1.75 Swiss Francs to the pound. The rate of exchange at 31st December 1996 was 2.29.

Notes to the AccountsFor the Year Ended 31st December 1996Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

2. Turnover

Turnover and loss on ordinary activities before taxation are attributable to the principal activity of the company, that of importing and wholesaling kitchen equipment manufactured by its parent company, Heinrich Kuhn Metallwarenfabrik A.G.

The geographical analysis of turnover is as follows:

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
UK	893,179	741,208
Exports	27,927	40,834
	<u>921,106</u>	<u>782,042</u>

3. Other operating income and Profit/Loss on currency exchange

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Realised Profit/Loss on currency exchange	15,359	(62,436)
Adjustment to unrealised loss on currency exchange	69,266	(47,002)
Commission receivable	-	920
Refund of promotional expenses	6,857	26,800
	<u>91,482</u>	<u>(81,718)</u>

4. Operating Profit

The operating profit is stated after charging:	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Depreciation of owned assets	5,776	6,133
Auditors' remuneration - non audit work	2,758	1,802
Auditors' remuneration	<u>1,500</u>	<u>1,500</u>

Notes to the AccountsFor the Year Ended 31st December 1996

5. <u>Interest Payable and Similar Charges</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Bank overdrafts and loans repayable within five years, not by instalments	254	-
To Parent Company on extended trade credit	36,568	31,746
To Parent Company on loan	-	4,300
	<u>36,822</u>	<u>36,046</u>

The loan mentioned above was repaid on 24th May 1995

6. <u>Directors and Employees</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Staff costs, including directors' remuneration were as follows:		
Wages and salaries	63,097	51,641
Social Security costs	6,118	4,804
Other pension costs	6,924	6,924
	<u>76,139</u>	<u>63,369</u>

The average monthly number of employees, including directors, during the year was as follows:	<u>1996</u> <u>Number</u>	<u>1995</u> <u>Number</u>
Administration	1	1
Management	1	1
Selling and Distribution	2	2
	<u>4</u>	<u>4</u>

<u>Directors' Emoluments</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Emoluments (including pension contribution)	<u>36,698</u>	<u>37,114</u>

Included in the above emoluments, excluding pension contributions, paid to:

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Highest paid director	<u>29,744</u>	<u>30,190</u>

The other director's emoluments, excluding pension contributions, fell within the following ranges:

	<u>1996</u> <u>Number</u>	<u>1995</u> <u>Number</u>
£Nil - £5,000	1	1
£25,001 - £30,000	1	-
£30,001 - £35,000	-	1

Notes to the AccountsFor the Year Ended 31st December 19967. Tangible Fixed Assets

	<u>Freehold Land and Buildings</u>	<u>Fixtures and Fittings</u>	<u>Computer Equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>				
At 1st January 1996	126,467	25,390	6,950	158,807
Additions	-	435	-	435
At 31st December 1996	<u>126,467</u>	<u>25,825</u>	<u>6,950</u>	<u>159,242</u>
<u>Depreciation</u>				
At 1st January 1996	5,328	14,951	3,867	24,146
Charge for the Year	<u>1,776</u>	<u>2,186</u>	<u>1,814</u>	<u>5,776</u>
At 31st December 1996	<u>7,104</u>	<u>17,137</u>	<u>5,681</u>	<u>29,922</u>
<u>Net Book Value</u>				
At 31st December 1996	<u>119,363</u>	<u>8,688</u>	<u>1,269</u>	<u>129,320</u>
At 31st December 1995	<u>121,139</u>	<u>10,439</u>	<u>3,083</u>	<u>134,661</u>

8. Stocks

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Goods for resale	<u>151,529</u>	<u>185,402</u>

9. Debtors

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade Debtors	282,621	195,310
Prepayments and accrued income	3,117	-
Directors' loan accounts	-	1,696
	<u>285,738</u>	<u>197,006</u>

The directors loan was to J.G.W.Margetts, the maximum amount outstanding in the year was £1,696

10. Creditors: Amounts Falling Due Within One Year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank loans and overdrafts	36,357	-
Trade creditors	43,528	31,718
Amounts owed to parent and fellow subsidiary undertakings	757,658	805,570
Other taxes and social security	33,306	11,180
Accruals and deferred income	<u>1,754</u>	<u>1,500</u>
	<u>872,603</u>	<u>849,968</u>

The bank overdraft is secured on the freehold property and the other assets of the company.

Kuhn Rikon (U.K.) LimitedNotes to the AccountsFor the Year Ended 31st December 1996

11. <u>Creditors: Amounts Falling Due After One Year</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Amount owed to parent	<u>110,000</u>	<u>110,000</u>

The loan shown above is in pounds sterling
and is interest free

12. Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the UK Director. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounts to £6,924 (1995 £6,924).

13. <u>Share Capital</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<u>Authorised</u> <u>Equity Shares</u>		
20,000 Ordinary Shares of £1 each	<u>20,000</u>	<u>20,000</u>
<u>Allotted</u> <u>Equity Shares</u>		
19,840 Allotted, called up and fully paid ordinary shares of £1 each	<u>19,840</u>	<u>19,840</u>

14. Reserves

	<u>Share</u> <u>Premium</u> <u>Account</u> <u>£</u>	<u>Profit</u> <u>and Loss</u> <u>Account</u> <u>£</u>
At 1st January 1995	15,000	(287,580)
Loss for the Year	-	(136,754)
At 1st January 1996	15,000	(424,334)
Loss for the Year	-	(26,522)
At 31st December 1996	<u>15,000</u>	<u>(450,856)</u>

Notes to the AccountsFor the Year Ended 31st December 199615. Reconciliation of Operating Profit to
Net Cash Inflow from Operating Activities

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Operating profit/loss	9,450	(114,058)
Depreciation charges	5,776	6,133
Decrease/Increase in Stocks	33,873	(65,399)
Increase in Debtors	(88,732)	(13,349)
Decrease in other creditors	(13,722)	(149,367)
	<u>(53,355)</u>	<u>(336,040)</u>

16. Analysis of Changes in Cash and
Cash Equivalents During the Year

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Balance at 1st January 1996	53,405	417,836
Net cash outflow	(89,762)	(364,431)
Balance at 31st December 1996	<u>(36,357)</u>	<u>53,405</u>

17. Analysis of Changes in Cash or Cash
Equivalents as Shown in the Balance Sheet

	<u>1996</u> <u>£</u>	<u>Change in</u> <u>Year</u> <u>£</u>	<u>1995</u> <u>£</u>	<u>Change in</u> <u>Year</u> <u>£</u>	<u>1994</u> <u>£</u>
Cash at Bank and in Hand	-	(53,405)	53,405	364,431	417,836
Bank Overdraft	(36,357)	(36,357)	-	-	-
	<u>(36,357)</u>	<u>(89,762)</u>	<u>53,405</u>	<u>364,431</u>	<u>417,836</u>

18. Reconciliation of Shareholders' Funds

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Loss for the financial year	(26,522)	(136,754)
Opening Shareholders' Funds	(389,494)	(252,740)
Closing shareholders' funds	<u>(416,016)</u>	<u>(389,494)</u>

19. Capital Commitments

The company had no capital commitments contracted or authorised and not contracted for.

Kuhn Rikon (U.K.) Limited

Notes to the Accounts

For the Year Ended 31st December 1996

20. Contingent Liabilities

The company has a contingent liability for income tax on interest paid gross to the parent company. UK tax law requires UK income tax to be deducted and the interest to be paid net.

21. Holding Company

The ultimate holding company is Heinrich Kuhn Metallwarenfabrik A.G. which is incorporated in Switzerland.