

2846559

MEIKO UK LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996



MEIKO UK LIMITED

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MEIKO UK LIMITED

COMPANY INFORMATION

Directors:	WM Downie B Fritz
Secretary:	B Fritz
Registered office:	Baden House 2 Blackthorne Crescent Blackthorne Road Poyle, Colnbrook Slough SL3 0QP
Registered number:	2846559 England
Auditors:	Mazars & Guérard Chartered Accountants 12th Floor New Zealand House 80 Haymarket London SW1Y 4TE

MEIKO UK LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended December 31, 1996.

Principal activity and business review

The principal activity of the company is to import, distribute, install and service commercial dish washing equipment. The directors are satisfied with the results for the year and are confident that the current year will result in a profit. The loss for the year amounted to £150,944 (1995 - loss of £365,392) which is taken to profit and loss account. No dividend is recommended.

Fixed assets

Information relating to fixed assets is set out in note 9 to the financial statements.

Directors and their interests

The directors of the company at the date of this report and those who held office throughout the year are shown on page 1. According to the register of directors' interest, the directors had the following beneficial interests in the share capital of the company at the end of the year:

	Number of ordinary shares 1996	Number of ordinary shares 1995
WM Downie	13,000	13,000

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:

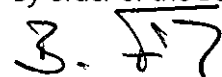
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

Auditors

Mazars & Guérard have expressed their willingness to continue as auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board.



B Fritz
Company Secretary
November 26, 1997

MEIKO UK LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF MEIKO UK LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 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. 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 affairs of the company as at December 31, 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars & Guérard
Chartered Accountants
Registered Auditors
London
November 26, 1997

MEIKO UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1996**

	Notes	1996 £	1995 £
Turnover	2	2,989,173	2,454,901
Cost of sales		(1,817,071)	(1,531,264)
		<hr/>	<hr/>
Gross profit		1,172,102	923,637
Distribution costs		(37,907)	(19,016)
Administrative expenses		(1,249,165)	(1,229,597)
		<hr/>	<hr/>
Operating loss		(114,970)	(324,976)
Interest receivable and similar income	6	5,875	3,349
Interest payable and similar charges	7	(41,849)	(43,765)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	(150,944)	(365,392)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss for the financial year	15	£ (150,944)	£ (365,392)
		<hr/>	<hr/>

The operating loss arises solely from continuing operations. All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 15 form part of the financial statements.

MEIKO UK LIMITED

BALANCE SHEET

AT DECEMBER 31, 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	9	32,945	35,151
		<hr/>	<hr/>
Current assets			
Stocks	10	539,239	358,487
Debtors (amounts falling due within one year)	11	786,940	514,470
Cash at bank and in hand		6,461	4,553
		<hr/>	<hr/>
		1,332,640	877,510
Creditors (amounts falling due within one year)	12	(1,691,880)	(1,028,839)
		<hr/>	<hr/>
Net current assets/(liabilities)		(359,240)	(151,329)
		<hr/>	<hr/>
Total assets less current liabilities		(326,295)	(116,178)
		<hr/>	<hr/>
Creditors (amounts falling due after more than one year)	13	(326,070)	(385,243)
		<hr/>	<hr/>
Net liabilities		£ (652,365)	£ (501,421)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	130,000	130,000
Profit and loss account		(782,365)	(631,421)
		<hr/>	<hr/>
Equity shareholders' funds	15	£ (652,365)	£ (501,421)
		<hr/>	<hr/>

The financial statements on pages 4 to 15 were approved by the directors on November 26, 1997.

WM Downie 

B Fritz 

The notes on pages 7 to 15 form part of the financial statements.

MEIKO UK LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1996**

	Notes	1996 £	1995 £
Net cash inflow/(outflow) from operating activities	18	(60,525)	174,838
Returns on investments and servicing of finance			
Interest received		6,742	2,200
Interest paid		(42,360)	(44,028)
Sale of assets		5,700	-
Net cash outflow from returns on investments and servicing of finance		(29,918)	(41,828)
Taxation			
UK corporation tax paid		-	-
Investing activities			
Purchase of tangible and intangible fixed assets		(12,900)	(20,385)
Net cash outflow from investing activities		(12,900)	(20,385)
Net cash outflow before financing		(103,343)	112,625
Financing			
Bank loans repaid		-	(100,000)
Net cash outflow from financing	19	-	(100,000)
Increase/(decrease) in cash and cash equivalents	20	£ (103,343)	£ 12,625

The notes on pages 7 to 15 form part of the financial statements.

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1996

1. Accounting policies

The principal accounting policies of the company are set out below. The policies remain unchanged from the previous year.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The parent company has indicated its willingness to provide sufficient funds to enable the company to meet its liabilities as they fall due and consequently the financial statements are prepared on a going concern basis.

Turnover

Turnover represents the invoiced value of goods sold and services provided stated net of value added tax.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held independently of the company by insurance companies.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost. Depreciation is provided to write off the cost less estimated residual value of all fixed assets on straight line bases over their expected useful lives:

Fixtures and fittings	- 25%
Computers	- 25%
Motor vehicles	- 50%

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

2. Turnover	1996	1995
	£	£
United Kingdom	2,960,200	2,454,219
Asia	27,974	682
Europe (including Ireland)	999	-
	<hr/>	<hr/>
	£ 2,989,173	£ 2,454,901
	<hr/>	<hr/>

3. Loss on ordinary activities before taxation	1996	1995
	£	£
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	8,000	6,795
Auditors' remuneration for non-audit work	3,520	3,040
Staff costs (refer note 4)	734,851	693,801
Depreciation of owned tangible fixed assets	15,105	12,897
Operating lease rentals - land and buildings	55,000	55,000
- other operating leases	69,474	58,889
Net exchange (gain)/loss on foreign currency borrowings less deposits	(59,173)	38,855
Profit on sale of fixed assets	(5,699)	-

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

4. Employee information	1996 £	1995 £
Wages and salaries	609,266	571,390
Social security costs	64,287	57,749
Other pension costs	33,124	32,255
Other personnel costs	28,174	32,407
	<hr/>	<hr/>
	£ 734,851	£ 693,801

Included in total staff costs is £70,257 (1995 - £76,390) in respect of directors' remuneration (refer note 5).

The average number of persons employed by the company during the year was:	1996 Number	1995 Number
Sales	6	5
Service	14	14
Administration	4	3
	<hr/>	<hr/>
	24	22

5. Directors' remuneration	1996 £	1995 £
Emoluments (including pension contributions)	£ 70,257	£ 76,390
	<hr/>	<hr/>
Emoluments (excluding pension contributions) of: Highest paid director	£ 65,377	£ 73,190
	<hr/>	<hr/>
Directors received emoluments (excluding pension contributions) in the following ranges:	1996 Number	1995 Number
£0 - £5,000	1	1
£65,001 - £70,000	1	-
£70,001 - £75,000	-	1

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

6. Interest receivable and similar income	1996 £	1995 £
Other interest	£ 5,875	£ 3,349

7. Interest payable and similar charges	1996 £	1995 £
Interest payable to group undertakings	22,368	22,369
Interest payable on bank loans and overdrafts	18,721	20,727
Interest on other loans	760	669
	£ 41,849	£ 43,765

8. Tax on loss on ordinary activities

No charge to taxation arises in respect of the year (1995 - £Nil). The company has losses adjusted for taxation purposes of approximately £677,000 (1995 - £500,000) which are available for offset against future trading profits of the same trade.

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996

9. Tangible fixed assets	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost				
at January 1, 1996	31,856	23,548	4,357	59,761
Additions	6,729	6,171	-	12,900
Disposals	-	-	(4,357)	(4,357)
	<hr/>	<hr/>	<hr/>	<hr/>
at December 31, 1996	£ 38,585	£ 29,719	£ -	£ 68,304
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
at January 1, 1996	9,779	10,475	4,356	24,610
Charge for the year	8,938	6,167	-	15,105
Disposal	-	-	(4,356)	(4,356)
	<hr/>	<hr/>	<hr/>	<hr/>
at December 31, 1996	£ 18,717	£ 16,642	£ -	£ 35,359
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
at December 31, 1996	£ 19,868	£ 13,077	£ -	£ 32,945
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
at January 1, 1996	£ 22,077	£ 13,073	£ 1	£ 35,151
	<hr/>	<hr/>	<hr/>	<hr/>
10. Stocks			1996 £	1995 £
Finished goods			£ 539,239	£ 358,487
			<hr/>	<hr/>

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

11. Debtors (amounts falling due within one year)	1996	1995
	£	£
Trade debtors	674,404	371,917
Amounts owed by group undertakings	-	5,087
Other debtors	73,332	81,600
Prepayments and accrued income	39,204	55,866
	<hr/>	<hr/>
	£ 786,940	£ 514,470
	<hr/>	<hr/>

12. Creditors (amounts falling due within one year)	1996	1995
	£	£
Bank loans	200,000	200,000
Bank overdrafts	162,411	57,160
Trade creditors	126,144	77,492
Amounts owed to group undertakings	982,530	536,522
Other creditors	5,917	4,074
Taxation and social security	107,767	63,278
Accruals and deferred income	107,111	90,313
	<hr/>	<hr/>
	£ 1,691,880	£ 1,028,839
	<hr/>	<hr/>

Bank loans bear interest at base rate plus 1% are secured by a guarantee by Meiko Beteiligungs GmbH via Deutsche Bank.

13. Creditors (amounts falling due after more than one year)	1996	1995
	£	£
Amounts owed to group undertakings	£ 326,070	£ 385,243
	<hr/>	<hr/>

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

14. Called up share capital		1996	1995	
		£	£	
Authorised 130,000 ordinary shares of £1		£ 130,000	£ 130,000	
		<hr/>	<hr/>	
Allotted, called up and fully paid 130,000 ordinary shares of £1		£ 130,000	£ 130,000	
		<hr/>	<hr/>	
15. Equity shareholders' funds				
	Share capital	Profit and loss account	Total 1996	Total 1995
	£	£	£	£
At January 1,	130,000	(631,421)	(501,421)	(136,029)
Loss for the year	-	(150,944)	(150,944)	(365,392)
	<hr/>	<hr/>	<hr/>	<hr/>
at December 31,	£ 130,000	£ (782,365)	£ (652,365)	£ (501,421)

16. Capital commitments

At the end of the year there were no capital commitments contracted for (1995 - £Nil).

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

17. Operating lease commitments

Rentals payable within one year of the balance sheet date under operating leases are as follows:

	Land and buildings 1996 £	Other operating leases 1996 £	Land and buildings 1995 £	Other operating leases 1995 £
Leases which expire:				
- within 1 year	-	7,281	-	7,521
- within 2-5 years	-	33,265	-	46,106
- after 5 years	55,000	-	55,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 55,000	£ 40,546	£ 55,000	£ 53,627
	<hr/>	<hr/>	<hr/>	<hr/>

**18. Reconciliation of operating loss to net cash
inflow/(outflow) from operating activities**

	1996 £	1995 £
Operating loss	(114,970)	(324,976)
Profit on sale of tangible fixed assets	(5,699)	-
Depreciation	15,105	12,897
Movement in working capital		
- Stocks	(180,752)	(125,929)
- Debtors	(273,337)	15,732
- Creditors	499,128	597,114
	<hr/>	<hr/>
	£ (60,525)	£ 174,838
	<hr/>	<hr/>

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

19. Analysis of changes in financing

	Bank loans £
At January 1, 1995	300,000
Financing cash outflows	(100,000)
	<hr/>
at December 31, 1995	200,000
Financing cash outflows	-
	<hr/>
at December 31, 1996	£ 200,000
	<hr/>

20. Analysis of changes in cash and cash equivalents during the year

	Cash at bank and in hand £	Bank loans and overdrafts £	Total £
At the January 1, 1995	3,665	(68,897)	(65,232)
Increase in cash and cash equivalents	888	11,737	12,625
	<hr/>	<hr/>	<hr/>
At December 31, 1995	4,553	(57,160)	(52,607)
(Decrease)/increase in cash and cash equivalents	1,908	(105,251)	(103,343)
	<hr/>	<hr/>	<hr/>
At December 31, 1996	£ 6,461	£ (162,411)	£ (155,950)
	<hr/>	<hr/>	<hr/>

21. Related party transactions

The company enters into transactions with its ultimate parent company. During the year these transactions related to the purchase of finished goods and amounted to £1,940,328. The amounts outstanding at year end are shown in notes 12 and 13.

22. Ultimate parent company

The ultimate parent company is Meiko Beteiligungs GmbH, incorporated in Germany.