

KHS KLOCKNER HOLSTEIN SEITZ LIMITED

(Registered Number 1131717)

REPORT AND ACCOUNTS

31 DECEMBER 1994



Burgis & Bullock
Chartered Accountants
2 Chapel Court
Holly Walk
Leamington Spa
Warwickshire
CV32 4YS

KHS KLOCKNER HOLSTEIN SETTZ LIMITED

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31 DECEMBER 1994

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KHS KLOCKNER HOLSTEIN SETTZ LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report and audited Accounts for the year ended 31 December 1994.

Principal Activity and Review of Business Developments

The Company's principal activity during the year comprised the selling and servicing of Machinery and Spares for the beverage, chemical and pharmaceutical industries. The Directors consider the results for the year to be satisfactory and expect 1995 to continue at the same levels.

Results for the Year

The loss for the year amounted to £15649 and this has been taken to reserves. No dividend is proposed in respect of the year ended 31 December 1994.

Fixed Assets

Movements in fixed assets are shown in note 7 to the Accounts.

Directors

The following have served as directors throughout the year and their interests in the number of ordinary shares of the Company were as shown below:-

	1994	1993
H Wegerdt (As Nominee for KHS Maschinen Und Anlagenbau AG)	1	1
Dr P Gruenewald	-	-
	=	=

Dr P Gruenewald retired from the Board on 22 March 1995 and on 23 March 1995 P Asbach was appointed as a Director of the Company and will retire by rotation at the first Annual General Meeting following his appointment. Being eligible, P Asbach offers himself for re-election.

Auditors

Messrs Burgis & Bullock, Chartered Accountants, have signified their willingness to stand for re-appointment as Auditors in accordance with Section 384 of the Companies Act 1985.

Donations

During the year the company made various contributions to charitable organisations amounting to £305.

Change of Accounts Format

The Profit and Loss Account has been presented in Format 1 to Schedule 8 of the Companies Act 1985 rather than Format 2 as it is considered to be more appropriate to the Company's activities.

By Order of the Board

.....
Secretary

Unit 6
Monkspath Business Park
Highlands Road
Solihull

REPORT OF THE AUDITORS
TO THE MEMBERS OF
KHS KLOCKNER HOLSTEIN SEITZ LIMITED

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

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. The Directors are responsible for the preparation of accounts and in preparing those accounts the Directors are required to:

- i) Select suitable accounting policies and then apply them consistently.
- ii) Make judgments and estimates that are reasonable and prudent.
- iii) 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They will also be responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility as auditors to form an independent opinion based upon our audit on the 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 judgments made by the Directors in the preparation of the accounts, and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

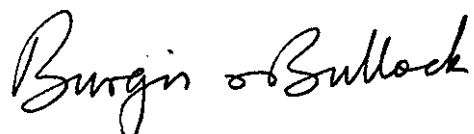
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

REPORT OF THE AUDITORS

TO THE MEMBERS OF

KHS KLOCKNER HOLSTEIN SEITZ LIMITED
(continued)**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Chartered Accountants

2 Chapel Court
Holly Walk
Leamington Spa

20 September 1995

KHS KLOCKNER HOLSTEIN SETTZ LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £	1993 £
Turnover	2	5298958	7353580
Cost of Sales		(4587581)	(6619560)
Gross Profit		711377	734020
Administration Expenses		(817330)	(833308)
Other Operating Income		172922	145403
Operating Profit	3	66969	46115
Interest Receivable		6337	20140
Profit on Ordinary Activities before Taxation		73306	66255
Tax on Profit on Ordinary Activities	6	(88955)	-
(Loss)/Profit on Ordinary Activities after Taxation		(15649)	66255
Retained Profit brought forward		83680	17425
Retained Profit carried forward		<u>£68031</u>	<u>£83680</u>

Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than the loss for the year.

KHS KLOCKNER HOLSTEIN SEITZ LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1994

	Notes	1994		1993	
		£	£	£	£
Fixed Assets					
Tangible Assets	7		45190		64429
Investments	8		104		1000
			<u> </u>		<u> </u>
			45294		65429
Current Assets					
Stock	9	255938		81223	
Debtors Due Within One Year	10	3482314		2942091	
Debtors Due After More Than One Year	10	44842		50797	
Cash at Bank and in Hand		379714		186111	
		<u> </u>		<u> </u>	
		4162808		3260222	
		<u> </u>		<u> </u>	
Creditors: Amounts Falling Due Within One Year					
Bank Overdraft		561979		8437	
Amount Due to Associated undertakings		160787		104789	
Amount due to Parent undertaking		2166434		2525403	
Trade Creditors		910604		365134	
Other Taxes and Social Security Costs		213299		136959	
Other Creditors and Accruals		76968		51249	
		<u> </u>		<u> </u>	
		4090071		3191971	
		<u> </u>		<u> </u>	
Net Current Assets			72737		68251
			<u> </u>		<u> </u>
			£118031		£133680
			<u> </u>		<u> </u>
Capital and Reserves					
Called Up Share Capital	11		50000		50000
Profit and Loss Account Reserves			68031		83680
			<u> </u>		<u> </u>
Equity Shareholders' Funds			£118031		£133680
			<u> </u>		<u> </u>

On Behalf of the Board

D. Wegerdt
 Director

20/9/95
 Date

KHS KLOCKNER HOLSTEIN SEITZ LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	£	1994	£	1993	£
Net Cash Inflow from Operating Activities	A		(270233)		(123582)	
Returns on Investments and Servicing of Finance						
Interest received		6337		20140		
Net Cash Inflow from Returns on Investments and Servicing of Finance			6337		20140	
Taxation Paid			(83000)		(-)	
Investing Activities						
Receipts from sale of investments		896		-		
Payments to acquire tangible fixed assets		(15760)		(29927)		
Receipts from sales of tangible fixed assets		1821		1147		
Net Cash Outflow from Investing Activities			(13043)		(28780)	
Net Cash Inflow Before Financing			(359939)		(132222)	
Decrease in Cash and Cash Equivalents	B		£(359939)		£(132222)	

KHS KLOCKNER HOLSTEIN SETTZ LIMITED

NOTES TO THE CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	1994 £	1993 £
A Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities		
Operating Profit	66969	46115
Depreciation	26053	28941
Loss on Sale of Tangible Fixed Assets	7125	201
Increase in Stocks	(174715)	(24780)
Increase in Debtors	(540223)	(1269470)
Increase in Creditors	344558	1095411
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	£(270233)	£(123582)
	<hr/>	<hr/>

B Analysis of Changes in Cash and Cash Equivalents

	1994 £	1993 £	Change in Year £
Cash at Bank and in Hand	379714	186111	193603
Bank Overdrafts	(561979)	(8437)	(553542)
	<hr/>	<hr/>	<hr/>
	£(182265)	£177674	£(359939)
	<hr/>	<hr/>	<hr/>

KHS KLOCKNER HOLSTEIN SEITZ LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1994

1 Accounting Policies**(a) Accounting Convention**

The Accounts have been prepared under the historical cost convention.

(b) Group Accounts

The Directors have relied upon the exemption conferred by Section 248 of the Companies Act 1985, from the requirement to prepare group accounts.

(c) Depreciation

Depreciation is provided on all Tangible Fixed Assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold Improvements	25%	Straight Line
Motor Vehicles	33 1/3%	Reducing Balance
Office Fixtures and Fittings	25%	Straight Line

(d) Stock

Stock is stated at the lower of cost and net realisable value.

Cost comprises the actual Sterling cost calculated on a 'first-in, first-out' basis.

Net Realisable Value is the estimated selling price less any further costs expected to be incurred to disposal.

(e) Deferred Taxation

Deferred Taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are expected to reverse in the future. In accordance with this policy no provision is considered necessary in these Accounts. There is also no potential liability to deferred taxation.

(f) Foreign Currency Translation

Transactions occurring in foreign currencies are converted into Sterling at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the Balance Sheet date.

All exchange differences are dealt with through the Profit and Loss Account.

(g) Lease Agreements

The cost of operating leases are charged to the Profit and Loss Account as they are incurred.

(h) Major Plant Installations

Turnover is recognised at the time delivery of the machinery is made.

2 Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of Value Added Tax.

Exports accounted for 27% (1993 12%) of the Company's turnover.

KHS KLOCKNER HOLSTEIN SETTZ LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1994

3	Operating Profit	1994 £	1993 £
	This is stated after charging:		
	Depreciation of Tangible Fixed Assets Owned by the Company	26054	28941
	Loss on Disposal of Tangible Fixed Assets	7125	201
	Auditors' Remuneration	6000	5500
	Directors Remuneration	83422	73867
	Currency Loss/(Gains)	31798	(103983)
	Hire of Vehicles - Operating Leases	29040	5541
		<u> </u>	<u> </u>
4	Staff Costs		
	The average number of employees was 16 (1993 : 17) and their staff costs are made up as follows:-		
		1994 £	1993 £
	Salaries	435852	410536
	Social Security Costs	48983	39399
	Pension Costs	6482	6475
		<u> </u>	<u> </u>
		£491317	£456410
		<u> </u>	<u> </u>
5	Directors Emoluments	1994	1993
	Highest Paid Director	£83422	£73867
		<u> </u>	<u> </u>
	Other Director	£ Nil	£ Nil
		<u> </u>	<u> </u>
6	Taxation	1994 £	1993 £
	The Charge based on the Profit for the Year comprises:		
	Corporation Tax at 33% (1993 33%)	7595	-
	Taxation over provided in previous years	(1640)	-
	Payment for transfer of group relief in respect of the year ended 31 December 1993	83000	-
		<u> </u>	<u> </u>
		£88955	£Nil
		<u> </u>	<u> </u>

The charge for the year is stated after the surrender of group relief from KHS Carmichael Limited in respect of the nine month period to 30 September 1994.

KHS KLOCKNER HOLSTEIN SETTZ LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1994

7 Tangible Fixed Assets

	Leasehold Improvements £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 1994	3574	117137	86659	207370
Additions	-	15760	-	15760
Disposals	-	(51555)	(11178)	(62733)
At 31 December 1994	3574	81342	75481	160397
Depreciation				
At 1 January 1994	2681	83253	57007	142941
Charge for the Year	893	15604	9557	26054
On Disposals	-	(43592)	(10196)	(53788)
At 31 December 1994	3574	55265	56368	115207
Net Book Value				
At 31 December 1994	£ -	26077	19113	45190
At 31 December 1993	£ 893	33884	29652	64429

8 Fixed Asset Investments

	1994	1993
Cost of Investments	£104	£1000
	<u> </u>	<u> </u>
	1994	1993
	£	£
Unlisted Investments	£104	£1000
	<u> </u>	<u> </u>

KHS KLOCKNER HOLSTEIN SEITZ LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1994

8 Fixed Asset Investments /continued

The Company owns more than 10% of the equity of the following companies:-

Name	Nature of business	Country of Incorporation (or Registration)	Description of Holding	Proportion Held %
Seitz Enzinger Noll (GB) Ltd	Dormant	England	2 £1 Ordinary Shares	100
Enzinger (GB) Ltd	Dormant	England	99 £1 Ordinary Shares	99
Holstein & Kappert Ltd	Dormant	England	2 £1 Ordinary Shares	100

During the year the company sold its Investment in KHS Carmichael Ltd at par.

9	Stocks	1994	1993
	Spares for Resale	<u>£255938</u>	<u>£81223</u>
10	Debtors	1994	1993
		£	£
	Due within one year:		
	Amount Due from Subsidiary undertaking	-	1071442
	Amount Due from Associated undertakings	111117	26114
	Amount Due from Parent undertaking	1557261	588074
	Trade Debtors	1781314	1231979
	Prepayments	31922	21945
	Other Debtors	<u>700</u>	<u>2537</u>
		3482314	2942091
	Due after more than one year:		
	Other Debtors - ACT Recoverable	<u>44842</u>	<u>50797</u>
		<u>£3527156</u>	<u>£2992888</u>

KHS KLOCKNER HOLSTEIN SETTZ LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1994

11	Share Capital	1994	1993
	Authorised, Issued and Fully Paid		
	50000 Ordinary Shares of £1 each	<u>£50000</u>	<u>£50000</u>
12	Reconciliation of Movements in Shareholders Funds	1994	1993
		£	£
	Opening Shareholders Funds	133680	67425
	Retained (Loss)/Profit for the year	(15649)	66255
		<u> </u>	<u> </u>
	Closing Shareholders Funds	<u>£118031</u>	<u>£133680</u>
13	Financial Commitments		
	At 31 December 1994 the Company had commitments under operating leases repayable as follows:		
		Land & Buildings	Other
		£	£
	Within One Year	51840	18065
	In Two to Five Years	207360	21094
	Over Five Years	336960	-
		<u> </u>	<u> </u>
		<u>£596160</u>	<u>£39159</u>
14	Contingent Liabilities		
	There is a contingent liability in respect of a guarantee given by National Westminster Bank plc to H M Customs and Excise for £60000 with recourse to the Company under counter indemnity for £120000.		
15	Pension Costs		
	The Company operates various defined contribution schemes. The assets of these schemes are held separately from those of the Company in independently administered funds. The pension cost charge for the year amounts to £6482 (1993 £6476) and this represents contributions payable by the Company to the funds.		
16	Ultimate Parent Company		
	The ultimate parent Company is Klockner-Werke Ag, a Company incorporated in Germany.		