BDO Stoy Hayward
Chartered Accountants

Hüttenes-Albertus UK Limited

Report and Abbreviated Financial Statements

Year Ended

31 December 1999

Hüttenes-Albertus UK Limited

Annual report and financial statements for the year ended 31 December 1999

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Directors

W Kuhlgatz
K Pampel
B Stapenhorst

Secretary and registered office

Mrs J A Gavin, Peartree Lane, Dudley, West Midlands DY2 0QR

Company number

1359479

Auditors

BDO Stoy Hayward, Mander House, Wolverhampton, West Midlands, WV1 3NF

Bankers

Barclays Bank plc, 47 High Street, Dudley, West Midlands DY1 1PP

Deutsche Bank AG, 6-8 Bishopsgate, London EC2P 2AT

Solicitors

Foster Baxter Cooksey, Routh House, Hall Court, Hall Park Way, Telford TF3 4NJ

Report of the auditors to Hüttenes-Albertus UK Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages 3 to 8 together with the financial statements of the company for the year ended 31 December 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements on pages 3 to 8 are properly prepared in accordance with those provisions.

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
Wolverhampton

13 October 2000

Hüttenes-Albertus UK Limited

Balance sheet at 31 December 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed assets					
Tangible assets	2		**798,915**		854,822
Investments	3		**236,438**		236,438
			1,035,353		1,091,260
Current assets					
Stocks		**43,276**		27,682	
Debtors		**323,959**		287,063	
Cash at bank and in hand		**21,595**		54,968	
		388,830		369,713	
Creditors: amounts falling due within one year		**571,202**		526,857	
Net current liabilities			**(182,372)**		(157,144)
Total assets less current liabilities			**852,981**		934,116
Creditors: amounts falling due after more than one year			**12,000**		82,016
			840,981		852,100
Capital and reserves					
Called up share capital	4		**2,500,000**		2,500,000
Profit and loss account			**(1,659,019)**		(1,647,900)
Shareholders' funds			**840,981**		852,100

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 5/10/ 2000

K Pampel

Director

The notes on pages 4 to 8 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied:

Going concern

At 31 December 1999, the company's current liabilities exceeded its current assets. The company is dependant, in the absence of other funding, on the continued financial support of its ultimate parent undertaking. The parent undertaking has confirmed to the company that it will provide such financial assistance as the company requires to enable it to trade as a going concern for a period of at least twelve months for 28 September 2000.

On the basis of this continuing support from the parent undertaking, these financial statements have been prepared on a going concern basis.

Goodwill

The acquisition of Balbardie Limited in 1989 was accounted for using the principles of acquisition accounting. Fair values were attributed to the group's share of the separable net assets acquired. The cost of acquisition exceeded the values attributable to the net assets and the difference was recognised as goodwill. Such goodwill was written off against a separate reserve in the year of acquisition. Each year a transfer was made between that unrealised reserve and the profit and loss account. As a result of the introduction of Financial Reporting Standard 10 it is no longer permitted to set up and retain a separate reserve for this purpose and so the balance which remained on this account at 31 December 1997 has been transferred to the profit and loss reserve.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land and buildings, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Plant, machinery, fixtures & fittings	-	6.67% per annum straight line
Motor vehicles	-	25% per annum reducing balance

No depreciation is provided on freehold land and buildings as, in the opinion of the directors, the residual values would be sufficiently high to make any depreciation charge immaterial. The directors have based their estimate of residual value on prices prevailing at the time of construction or acquisition. All repairs and permanent diminution in value are charged to the profit and loss account. The directors perform an annual impairment review of fixed assets and provide for any diminution in value whether temporary or permanent in accordance with Financial Reporting Standard 11.

1 Accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.
Dividends from investments are included as income on a receipts basis.

Government grants

Grants are credited to deferred revenue upon receipt. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Tangible fixed assets

	Total
	£
Cost	
At 1 January 1999	1,588,471
Additions	23,144
At 31 December 1999	**1,611,615**
Depreciation	
At 1 January 1999	733,649
Provided for the year	79,051
At 31 December 1999	**812,700**
Net book value	
At 31 December 1999	**798,915**
At 31 December 1998	854,822

It is not possible for the directors to determine the separable amount of land included in the valuation of freehold land and buildings.

Following an impairment review carried out by the directors, the freehold land and buildings have been written down to their estimated value to the business as at 31 December 1999.

3 Fixed asset investments

	Total
Cost	
At 1 January 1999 and 31 December 1999	**236,538**
Provisions	
At 1 January 1999	100
At 1 January 1999 and 31 December 1999	**100**
Net book value	
At 31 December 1998 and 31 December 1999	**236,438**

The investment in a group undertaking is in Balbardie Limited, a company registered in England and Wales, and comprises a holding of 100% of its issued ordinary capital.

During its latest financial year Balbardie Limited was dormant and at the end of that year had a deficiency of capital and reserves of £2,095 (1998 - £2,095).

The investment in an associated undertaking is in Tilcon-Hüttenes-Albertus Limited, a company registered in England and Wales, and represents a holding of 25% of its issued ordinary capital. During the year ended 31 December 1998 Tilcon-Hüttenes-Albertus Limited made a profit after tax of £333,000 and at the end of that year the aggregate of its capital and reserves was £925,000. Its accounts for the year ended 31 December 1999 have not yet been finalised, but draft figures indicate it has made a profit for that year.

4 Share capital

	Authorised		Allotted, called up and fully paid	
	1999	1998	1999	1998
	£	£	£	£
Equity share capital				
1,500,000 ordinary shares of £1 each	**1,500,000**	1,500,000	**1,500,000**	1,500,000
Non-equity share capital				
1,000,000 redeemable preference shares of £1 each	**1,000,000**	1,000,000	**1,000,000**	1,000,000
	2,500,000	2,500,000	**2,500,000**	2,500,000

The holders of the redeemable preference shares are not entitled to a dividend, nor to a vote except under circumstances as detailed in the company's Articles of Association. On a return of assets on liquidation or otherwise, the holders of the preference shares will be paid in priority to any other shares in the capital of the company. The preference shares are redeemable at any time at par in accordance with the company's Articles of Association.

5 Ultimate parent company

Hüttenes-Albertus Chemische Werke GmbH, incorporated in Germany, is regarded by the directors as being the company's ultimate parent undertaking. Copies of that company's accounts can be obtained from 40549 Dusseldorf, Wiesentrasse 23, Germany.