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KLA INSTRUMENTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 June 1985



Price Waterhouse

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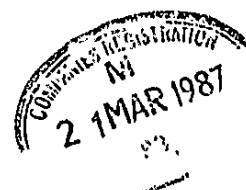
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KLA INSTRUMENTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 June 1985



KLA INSTRUMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and statement of accounts for the year ended 30 June 1985.

REVIEW OF THE BUSINESS

The principal activity of the company continued to be that of providing equipment installation, warranty and repairs service to customers of its ultimate holding company. From July 1984 the company extended its activities to include sales promotion for its ultimate holding company. During the year in anticipation of increased activity the company has incurred costs associated with the opening of new offices and the increase in the work force. These costs have given rise to a trading loss in the current period.

RESULTS AND DIVIDENDS

The (loss)/profit after taxation for the year ended 30 June 1985 amounted to £(90,490) (1984:£10,132) and has been deducted from reserves. The directors do not recommend the payment of a dividend (1984 ~ Nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office during the year were:

K Levy
R Anderson
R Walsh - Resigned 31 March 1986

None of the directors of the company had at any time in the period any direct beneficial interest in the share capital of the company.

FIXED ASSETS

In October 1984 the company moved into new premises in Finchampstead and as a result incurred expenditure on leasehold improvements, furniture, fixture and fittings and motor vehicles.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution proposing their re-election will be put at the Annual General Meeting.

By Order of the Board

X *John R. Anderson*
Secretary

35 St Thomas' Street
London SE1

15 December 1986



Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF KLA INSTRUMENTS LIMITED

We have audited the accounts on pages 3 to 8 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 30 June 1985 and of the loss and the application of funds for the year then ended and comply with the Companies Act 1985.

Price Waterhouse

Chartered Accountants

15 December 1986

Southwark Towers
32 London Bridge Street
London SE1 9SY

KLA INSTRUMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1985

	£	1984 £
TURNOVER (Note 1)	681,403	342,145
Administrative expenses	777,113	(332,013)
OPERATING (LOSS)/PROFIT	<u>(95,710)</u>	<u>10,132</u>
Interest receivable	1,560	1,205
Interest payable	<u>(1,560)</u>	<u>(1,205)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	<u>(95,710)</u>	<u>10,132</u>
Tax credit on (loss)/profit on ordinary activities (Note 3)	5,220	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES (Note 6)	<u>£(90,490)</u>	<u>£10,132</u>


The notes on pages 6 to 8 form
part of these accounts.

KLA INSTRUMENTS LIMITED

BALANCE SHEET - 30 JUNE 1985

	£	<u>1984</u> £
FIXED ASSETS		
Tangible assets (Note 4)	69,338	5,866
CURRENT ASSETS		
Trade debtors	57,523	45,478
Other debtors and prepayments	10,034	1,222
Cash at bank	<u>46,136</u>	<u>26,039</u>
	113,693	72,739
CREDITORS (amounts falling due within one year)		
Amounts owed to group companies	211,397	34,345
Trade creditors	18,094	9,043
Taxation and social security	4,547	1,488
Accruals	<u>20,254</u>	<u>14,500</u>
	254,292	59,376
NET CURRENT (LIABILITIES)/ASSETS	(140,599)	13,363
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>£(71,261)</u>	<u>£19,229</u>
CAPITAL AND RESERVES		
Called up share capital (Note 5)	100	100
Profit and loss account (Note 6)	<u>(71,361)</u>	<u>19,129</u>
	<u>£(71,261)</u>	<u>£19,229</u>

DIRECTORS

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The accounts were approved by the Board on 15 December 1986

The notes on pages 6 to 8 form part of these accounts.

KLA INSTRUMENTS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 JUNE 1985

	£	1984 £
SOURCE OF FUNDS		
(Loss)/profit on ordinary activities before taxation	(95,710)	10,132
Adjustments for items not involving the movement of funds:		
Depreciation	10,927	-
	<u>(84,783)</u>	<u>10,132</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	<u>(74,399)</u>	<u>(5,866)</u>
	<u>£(159,182)</u>	<u>£4,266</u>
MOVEMENT IN WORKING CAPITAL:		
Increase in debtors	20,857	46,700
(Increase)/decrease in creditors	(17,864)	6,238
(Increase) in balances owed to group companies	(182,272)	(35,469)
Movement in net liquid funds:		
Increase/(decrease) in cash at bank	20,097	(13,203)
	<u>£(159,182)</u>	<u>£4,266</u>

The notes on pages 6 to 8 form
part of these accounts.

KLA INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1985

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention. The principal accounting policies are as follows:

(1) Turnover

Turnover represents the net amounts invoiced to the ultimate holding company for promotion, equipment installation and warranty services to customers of the ultimate holding company in Europe and amounts invoiced to such parties in respect of maintenance work.

(2) Deferred taxation

Deferred corporation tax is provided for only to the extent that it is probable that a liability or asset will crystallize in the foreseeable future.

(3) Depreciation

Depreciation is provided on a straight line basis at the rate of:

Leasehold	period of lease
Plant and machinery	20%
Furniture fixtures and fittings	20%

(4) Foreign currency translation

Until 30 June 1984 the company's books were kept in United States dollars. All assets and liabilities are translated into sterling at 30 June exchange rates. Profit and loss amounts have been translated at average rates. Exchange gains and losses are included in the profit and loss account.

2 (LOSS)/PROFIT ON ORDINARY ACTIVITY BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	£	1984 £
Wages and salaries	164,764	87,953
Social security costs	31,945	-
Other pension costs	-	-
Auditors' remuneration	2,500	1,500
Depreciation	10,927	-
Management charges	(16,843)	6,920
Exchange gain	(24,228)	(2,894)

None of the directors received any fees or other emoluments in respect of their services to the company during the year (1984: Nil). The average number of persons employed during the year was 10 (1984: 6).

KLA INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1985 (CONTINUED)

3 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The taxation credit for the year is £5,220 (1984: £Nil) and represents tax recoverable from earlier years due to the availability of current year taxable losses which may be carried back for relief against previous year's taxable profits.

4 TANGIBLE ASSETS

	<u>Leasehold</u> £	<u>Plant and</u> <u>machinery</u> £	<u>Furniture,</u> <u>fixtures</u> <u>and fittings</u> £	<u>Total</u> £
<u>Cost</u>				
At 1 July 1984	-	5,866	-	5,866
Additions during the year	<u>20,308</u>	<u>44,677</u>	<u>9,414</u>	<u>74,399</u>
At 30 June 1985	<u>20,308</u>	<u>50,543</u>	<u>9,414</u>	<u>80,265</u>
<u>Depreciation</u>				
At 1 July 1984	-	-	-	-
Charge for the year	<u>2,445</u>	<u>7,779</u>	<u>703</u>	<u>10,927</u>
At 30 June 1985	<u>2,445</u>	<u>7,779</u>	<u>703</u>	<u>10,927</u>
<u>Net book value</u>				
At 30 June 1985	<u>£17,863</u>	<u>£42,764</u>	<u>£8,711</u>	<u>£69,338</u>
At 30 June 1984	<u>£Nil</u>	<u>£5,866</u>	<u>£Nil</u>	<u>£5,866</u>

5 CALLED UP SHARE CAPITAL

	£	1983 £
Authorised 1,000 shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid 100 shares of £1 each	<u>100</u>	<u>100</u>

KLA INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1985 (CONTINUED)

6 PROFIT AND LOSS ACCOUNT

At 1 July 1984
(Loss) for the year

£
19,129
(90,490)

At 30 June 1985

£(71,361)

7 ULTIMATE HOLDING COMPANY

The ultimate holding company is KLA Instruments Corporation, incorporated in Delaware, United States of America.

KLA Instruments Corporation has agreed that it will provide the company with sufficient funds to meet its liabilities as they fall due.

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