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**Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2000  
for  
ELRO (UK) Limited**



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for the Year Ended 31 December 2000**

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**ELRO (UK) Limited**

**Company Information  
for the Year Ended 31 December 2000**

<b>DIRECTORS:</b>	A Zimmermann R Fohn
<b>SECRETARY:</b>	J A A McDonald & Hexagon Registrars Ltd
<b>REGISTERED OFFICE:</b>	Suite 3.5 City Gate House 39-45 Finsbury Square London EC2A 1UU
<b>REGISTERED NUMBER:</b>	2098653 (England and Wales)
<b>AUDITORS:</b>	Williams & Co Chartered Accountants & Registered Auditors 8/10 South Street Epsom Surrey KT18 7PF

## **ELRO (UK) Limited**

### **Report of the Directors for the Year Ended 31 December 2000**

The directors present their report with the financial statements of the company for the year ended 31 December 2000.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the distribution of cooking, heating and kitchen equipment.

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2000.

#### **DIRECTORS**

The directors during the year under review were:

A Zimmermann  
R Fohn

The directors holding office at 31 December 2000 did not hold any beneficial interest in the issued share capital of the company at 1 January 2000 or 31 December 2000.

#### **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;
- 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**

The auditors, Williams & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

#### **ON BEHALF OF THE BOARD:**



J A A McDonald & Hexagon Registrars Ltd - SECRETARY

Dated: 16<sup>th</sup> May 2001

**ELRO (UK) Limited**

**Report of the Independent Auditors to the Shareholders of  
ELRO (UK) Limited**

We have audited the financial statements of ELRO (UK) Limited for the year ended 31 December 2000 on pages four to ten. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 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 the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Williams & Co  
Chartered Accountants  
& Registered Auditors  
8/10 South Street  
Epsom  
Surrey  
KT18 7PF

Dated: 16<sup>th</sup> May 2001

**ELRO (UK) Limited**

**Profit and Loss Account  
for the Year Ended 31 December 2000**

		<u>2000</u>	<u>1999</u>
	Notes	£	£
<b>TURNOVER</b>		505,740 /	713,998
Cost of sales		<u>203,595</u>	<u>512,576</u>
<b>GROSS PROFIT</b>		302,145	201,422
Administrative expenses		<u>222,045</u>	<u>192,483</u>
<b>OPERATING PROFIT</b>	3	80,100	8,939
Interest receivable and similar income		<u>5</u>	<u>368</u>
		80,105	9,307
Interest payable and similar charges	4	<u>5,593</u>	<u>5,000</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		74,512	4,307
Tax on profit on ordinary activities	5	<u>75</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		74,437 /	4,307
Deficit brought forward		<u>(147,021)</u>	<u>(151,328)</u>
<b>DEFICIT CARRIED FORWARD</b>		<u>£(72,584)</u>	<u>£(147,021)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current and previous years.

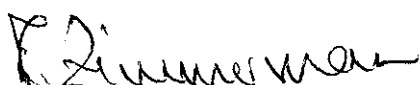
The notes form part of these financial statements

**ELRO (UK) Limited**

**Balance Sheet  
31 December 2000**

		<u>2000</u>		<u>1999</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	6		-		-
Tangible assets	7		<u>4,136</u> /		<u>3,625</u>
			4,136		3,625
<b>CURRENT ASSETS:</b>					
Stocks	8	91,303 /		62,441	
Debtors	9	145,285 /		188,822	
Cash at bank and in hand		<u>52,110</u> /		<u>77,749</u>	
		288,698		329,012	
<b>CREDITORS:</b> Amounts falling due within one year	10	<u>29,839</u> /		<u>62,558</u>	
<b>NET CURRENT ASSETS:</b>			<u>258,859</u>		<u>266,454</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			262,995		270,079
<b>CREDITORS:</b> Amounts falling due after more than one year	11		<u>255,579</u>		<u>337,100</u>
			<u>£7,416</u>		<u>£(67,021)</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	13		80,000		80,000
Profit and loss account			<u>(72,584)</u>		<u>(147,021)</u>
<b>SHAREHOLDERS' FUNDS:</b>	17		<u>£7,416</u>		<u>£(67,021)</u>

**ON BEHALF OF THE BOARD:**



A Zimmermann - DIRECTOR

Approved by the Board on 16/05/01

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2000**

**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 1994, is being written off evenly over its estimated useful life of five years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 15% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 33% on cost

**Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**2. STAFF COSTS**

	2000 £	1999 £
Wages and salaries	69,452 ✓	67,889
Social security costs	7,229 ✓	6,918
Other pension costs	6,780 ✓	4,947
	<u>83,461</u>	<u>79,754</u>



**ELRO (UK) Limited**

**Notes to the Financial Statements  
for the Year Ended 31 December 2000**

**2. STAFF COSTS - continued**

The average monthly number of employees during the year was as follows:

	2000	1999
Directors	2	2
Operating	<u>2</u>	<u>3</u>
	<u>4</u>	<u>5</u>

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation - owned assets	4,315 /	3,247
Profit on disposal of fixed assets	(1,277)	-
Goodwill written off	-	7,251
Auditors' remuneration	<u>3,763</u>	<u>3,960</u>
Directors' emoluments	<u>-</u>	<u>-</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000	1999
	£	£
Loan	3,318 /	5,000
Leasing	<u>2,275</u>	<u>-</u>
	<u>5,593</u>	<u>5,000</u>

**5. TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

	2000	1999
	£	£
UK corporation tax	<u>75</u>	<u>-</u>

UK corporation tax has been charged at 12.50% (1999 - 21%).

**Notes to the Financial Statements  
for the Year Ended 31 December 2000**

**6. INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u>
	£
<b>COST:</b>	
At 1 January 2000	
and 31 December 2000	<u>39,439</u>
<b>AMORTISATION:</b>	
At 1 January 2000	
and 31 December 2000	<u>39,439</u>
<b>NET BOOK VALUE:</b>	
At 31 December 2000	<u>-</u>

**7. TANGIBLE FIXED ASSETS**

	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£
<b>COST:</b>				
At 1 January 2000	4,077	15,962	13,824	33,863
Additions	-	4,824	-	4,824
Disposals	-	-	(13,824)	(13,824)
At 31 December 2000	<u>4,077</u>	<u>20,786</u>	-	<u>24,863</u>
<b>DEPRECIATION:</b>				
At 1 January 2000	2,659	13,753	13,824	30,236
Charge for year	604	3,711	-	4,315
Eliminated on disposals	-	-	(13,824)	(13,824)
At 31 December 2000	<u>3,263</u>	<u>17,464</u>	-	<u>20,727</u>
<b>NET BOOK VALUE:</b>				
At 31 December 2000	<u>814</u>	<u>3,322</u>	-	<u>4,136</u>
At 31 December 1999	<u>1,418</u>	<u>2,207</u>	-	<u>3,625</u>

**8. STOCKS**

	2000	1999
	£	£
Stock	<u>91,303</u>	<u>62,441</u>

**Notes to the Financial Statements  
for the Year Ended 31 December 2000**

**9. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Trade debtors	119,829 /	152,481
Other debtors	13,200 /	9,700
Prepayments	<u>12,256 /</u>	<u>26,641</u>
	<u>145,285</u>	<u>188,822</u>

**10. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Trade creditors	4,578 /	10,154
Other creditors	-	30,694
Paye and social security	2,859 /	1,987
V.A.T.	16,702 /	14,723
Accrued expenses	<u>5,700 /</u>	<u>5,000</u>
	<u>29,839</u>	<u>62,558</u>

**11. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	2000 £	1999 £
Bank loans (see note 12)	<u>255,579</u>	<u>337,100</u>

**12. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	2000 £	1999 £
Amounts falling due between one and two years:		
Bank loans	<u>255,579</u>	<u>337,100</u>

**13. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	2000 £	1999 £
500,000	Ordinary Shares	£1	<u>500,000</u>	<u>500,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2000 £	1999 £
80,000	Ordinary Shares	£1	<u>80,000</u>	<u>80,000</u>

**Notes to the Financial Statements  
for the Year Ended 31 December 2000**

**14. ULTIMATE PARENT COMPANY**

The ultimate holding company is Elro - Werke AG, a company incorporated in Switzerland.

**15. OTHER FINANCIAL COMMITMENTS**

The company has obligations under a lease to rent premises until June 2001. The rent payable is £ 16,000 per annum.

**16. RELATED PARTY DISCLOSURES**

During the year, the company had transactions with related companies as follows :-

	y.e. 31.12.00	y.e. 31.12.99
Elro Werke AG - Holding Company		
Managment fees paid	16,000	7,149
Stationery purchased	-	215
Interest paid	3,318	5,000
Subcontractors paid	22,896	33,177
Appliances and goods	195,358	458,410
Hotels and flights	12,007	557

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Profit for the financial year	<u>74,437</u>	<u>4,307</u>
<b>Net addition to shareholders' funds</b>	<b>74,437</b>	<b>4,307</b>
Opening shareholders' funds	<u>(67,021)</u>	<u>(71,328)</u>
<b>Closing shareholders' funds</b>	<b><u>7,416</u></b>	<b><u>(67,021)</u></b>
Equity interests	<u>7,416</u>	<u>(67,021)</u>