

2098653

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 1999
for
ELRO (UK) Limited**



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for the Year Ended 31 December 1999**

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Company Information
for the Year Ended 31 December 1999

DIRECTORS:

A Zimmermann
R Fohn

SECRETARY:

J A A McDonald & Hexagon Registrars Ltd

REGISTERED OFFICE:

Suite 3.5
City Gate House
39-45 Finsbury Square
London
EC2A 1UU

REGISTERED NUMBER:

2098653 (England and Wales)

AUDITORS:

Williams & Co
Chartered Accountants
& Registered Auditors
1a High Street
Epsom
Surrey
KT19 8DA

**Report of the Directors
for the Year Ended 31 December 1999**

The directors present their report with the financial statements of the company for the year ended 31 December 1999.

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 1999.

DIRECTORS

The directors during the year under review were:

A Zimmermann
R Fohn

The directors holding office at 31 December 1999 did not hold any beneficial interest in the issued share capital of the company at 1 January 1999 or 31 December 1999.

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: 24/3/00

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

We have audited the financial statements on pages four to eleven which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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 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 1999 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
1a High Street
Epsom
Surrey
KT19 8DA

Dated: 24th March 2000

**Profit and Loss Account
for the Year Ended 31 December 1999**

		<u>1999</u>	<u>1998</u>
	Notes	£	£
TURNOVER		713,998	482,770
Cost of sales		<u>512,576</u>	<u>230,431</u>
GROSS PROFIT		201,422	252,339
Administrative expenses		<u>192,483</u>	<u>234,699</u>
OPERATING PROFIT	3	8,939	17,640
Interest receivable and similar income		<u>368</u>	<u>162</u>
		9,307	17,802
Interest payable and similar charges	4	<u>5,000</u>	<u>16,704</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,307	1,098
Tax on profit on ordinary activities	5	<u>-</u>	<u>34</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		4,307	1,064
Deficit brought forward		<u>(151,328)</u>	<u>(152,392)</u>
DEFICIT CARRIED FORWARD		<u>£(147,021)</u>	<u>£(151,328)</u>

CONTINUING OPERATIONS

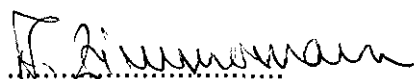
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

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

Balance Sheet
31 December 1999

		<u>1999</u>		<u>1998</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	6		-		7,250
Tangible assets	7		<u>3,625</u>		<u>5,750</u>
			3,625		13,000
CURRENT ASSETS:					
Stocks	8	62,441		56,942	
Debtors	9	188,822		124,420	
Cash at bank and in hand		<u>77,749</u>		<u>95,723</u>	
		329,012		277,085	
CREDITORS: Amounts falling due within one year	10	<u>62,558</u>		<u>32,231</u>	
NET CURRENT ASSETS:			<u>266,454</u>		<u>244,854</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			270,079		257,854
CREDITORS: Amounts falling due after more than one year	11		<u>337,100</u>		<u>329,182</u>
			<u>£(67,021)</u>		<u>£(71,328)</u>
CAPITAL AND RESERVES:					
Called up share capital	13		80,000		80,000
Profit and loss account			<u>(147,021)</u>		<u>(151,328)</u>
Shareholders' funds	17		<u>£(67,021)</u>		<u>£(71,328)</u>

ON BEHALF OF THE BOARD:


A Zimmermann - DIRECTOR

Approved by the Board on 13/03/2000

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

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

	1999	1998
	£	£
Wages and salaries	67,889	79,596
Social security costs	6,918	7,950
Other pension costs	4,947	5,419
	<u>79,754</u>	<u>92,965</u>

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

2. STAFF COSTS - continued

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

	1999	1998
Directors	2	2
Operating	<u>3</u>	<u>3</u>
	<u>5</u>	<u>5</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	1999 £	1998 £
Depreciation - owned assets	3,247	6,452
Depreciation - assets on hire purchase contracts or finance leases	-	2,297
Goodwill written off	7,251	7,887
Auditors' remuneration	<u>3,960</u>	<u>3,903</u>
Directors' emoluments	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Bank interest	-	5,112
Loan	<u>5,000</u>	<u>11,592</u>
	<u>5,000</u>	<u>16,704</u>

5. TAXATION

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

	1999 £	1998 £
UK corporation tax	<u>-</u>	<u>34</u>

UK corporation tax was charged at 21% in 1998.

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

6. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
COST:	
At 1 January 1999	
and 31 December 1999	<u>39,439</u>
AMORTISATION:	
At 1 January 1999	32,188
Charge for year	<u>7,251</u>
At 31 December 1999	<u>39,439</u>
NET BOOK VALUE:	
At 31 December 1999	<u>-</u>
At 31 December 1998	<u>7,250</u>

7. TANGIBLE FIXED ASSETS

	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£
COST:				
At 1 January 1999	4,077	14,838	13,824	32,739
Additions	<u>-</u>	<u>1,123</u>	<u>-</u>	<u>1,123</u>
At 31 December 1999	<u>4,077</u>	<u>15,961</u>	<u>13,824</u>	<u>33,862</u>
DEPRECIATION:				
At 1 January 1999	1,958	11,208	13,824	26,990
Charge for year	<u>701</u>	<u>2,546</u>	<u>-</u>	<u>3,247</u>
At 31 December 1999	<u>2,659</u>	<u>13,754</u>	<u>13,824</u>	<u>30,237</u>
NET BOOK VALUE:				
At 31 December 1999	<u>1,418</u>	<u>2,207</u>	<u>-</u>	<u>3,625</u>
At 31 December 1998	<u>2,119</u>	<u>3,630</u>	<u>1</u>	<u>5,750</u>

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	<u>Motor vehicles</u>
	£
COST:	
At 1 January 1999	
and 31 December 1999	<u>13,824</u>
DEPRECIATION:	
At 1 January 1999	
and 31 December 1999	<u>13,824</u>
NET BOOK VALUE:	
At 31 December 1999	<u>-</u>
At 31 December 1998	<u>1</u>

8. STOCKS

	1999	1998
	£	£
Stock	<u>62,441</u>	<u>56,942</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
V.A.T.	-	3,991
Trade debtors	152,481	93,071
Other debtors	9,700	9,700
Prepayments	<u>26,641</u>	<u>17,658</u>
	<u>188,822</u>	<u>124,420</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
Trade creditors	10,154	14,658
Other creditors	30,694	-
Paye and social security	1,987	2,539
V.A.T.	14,723	-
Taxation	-	34
Accrued expenses	<u>5,000</u>	<u>15,000</u>
	<u>62,558</u>	<u>32,231</u>

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

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

	1999 £	1998 £
Bank loans (see note 12)	<u>337,100</u>	<u>329,182</u>

12. LOANS AND OVERDRAFTS

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

	1999 £	1998 £
Amounts falling due between one and two years:		
Bank loans	<u>337,100</u>	<u>329,182</u>

13. CALLED UP SHARE CAPITAL

Authorised:			1999 £	1998 £
Number:	Class:	Nominal value:		
500,000	Ordinary Shares	£1	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:			1999 £	1998 £
Number:	Class:	Nominal value:		
80,000	Ordinary Shares	£1	<u>80,000</u>	<u>80,000</u>

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 2000. The rent payable is £ 12,000 per annum.

16. RELATED PARTY DISCLOSURES

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

	y.e. 31.12.99	y.e. 31.12.98
Elro Werke AG - Holding Company		
Management fees paid	7,149	16,000
Stationery purchased	215	800
Interest paid	5,000	11,592
Legal fees paid		1,660
Bank charges paid		408
Subcontractors paid	33,177	
Appliances and goods	458,410	178,767
Hotels	557	

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	<u>4,307</u>	<u>1,064</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	4,307	1,064
Opening shareholders' funds	<u>(71,328)</u>	<u>(72,392)</u>
CLOSING SHAREHOLDERS' FUNDS	<u>(67,021)</u>	<u>(71,328)</u>
Equity interests	<u>(67,021)</u>	<u>(71,328)</u>