Whessoe PLC

Directors' report and consolidated financial statements

Registered number 166242

31 December 1999

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The principal activity of the business is that of specialist instrumentation and control.

Business review

The result for the year is shown in the profit and loss account on page 5. The directors consider the performance of the Group during the year to be satisfactory. The directors are currently devoting resources to the restructuring of the Group's activities.

Research and development

The Group is devoting resources to research and development where it is believed this will contribute to the development of the Group. During the period the Whessoe Group expended £2.8m (year ended 31 December 1998 £3.1 m) on research and development.

Proposed dividend

The directors have made payment of a dividend of £10,130,000 during the year, and a dividend of £260,000 is proposed at the year end.

Policy and practice on payment of creditors

Each group company sets its terms of payment in accordance with its conditions of order. All suppliers fulfilling those conditions of order will be paid in accordance with the terms of payment agreed. Other suppliers will be paid in accordance with contracted terms as agreed from time to time in the absence of a formal order.

Directors and directors' interests

The directors who held office during the period were as follows:

Chris Fleetwood	(resigned 31 January 2000)
Gene Geraci	(resigned 30 June 1999)
Fernando Fuenzalida	(appointed 31 January 2000)
Dr Frank Braun	(appointed 31 January 2000)
Gary J Copeland	(appointed 31 January 2000)

Employees

It is the policy of the company to provide employment for disabled people whenever the demands of the company's operations and the abilities of the individuals allow. Applications for employment for disabled people are considered most carefully and, where existing employees become disabled, every effort is made to find or create suitable positions for them. For the purposes of training, career development and promotion, disabled employees are treated in the same way as other employees.

It is the policy of the company to introduce, maintain and develop arrangements aimed at providing employees with information on matters of concern to them and consulting, where appropriate, employees or their representatives so that their views can be taken into account in making decisions likely to affect their interests.

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

GJ Copeland
Director

Heighington Lane
Newton Aycliffe
Co Durham
DL5 6XZ

20 November 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG Audit Plc
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Report of the auditors to the members of Whessoe PLC

We have audited the financial statements on pages 5 to 23.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report 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.

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 Group'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 affairs of the Company and the Group as at 31 December 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

20 November 2000

Consolidated profit and loss account

for the year ended 31 December 1999

	Note	**Year ended 31 December 1999 £000**	Year ended 31 December 1998 £000
Turnover	2		
Continuing operations		**54,666**	64,540
Discontinued operations		**4,080**	506
		58,746	65,046
Cost of sales	3	**(32,299)**	(42,262)
Gross profit		**26,447**	22,784
Net operating expenses	3	**(27,735)**	(21,002)
Operating (loss)/profit			
Continuing operations		**(1,705)**	2,223
Discontinued operations		**417**	(441)
		(1,288)	1,782
Amortisation of goodwill	13	**(1,000)**	(1,000)
Profit on sale of discontinued operations	4	**6,658**	-
Profit on sale of fixed assets		**983**	28
Net interest payable	8	**(1,210)**	(1,144)
Profit/(loss) on ordinary activities before taxation	2-3	**4,143**	(334)
Taxation	9	**(241)**	(214)
Profit/(loss) on ordinary activities after taxation		**3,902**	(548)
Dividends	10	**(10,390)**	(750)
Retained loss		**(6,488)**	(1,298)

Consolidated balance sheet
at 31 December 1999

	Note	31 December 1999		31 December 1998	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	*12*		7,931		9,134
Intangible assets	*13*		17,912		18,912
Investments	*14*		2,815		1,830
			28,658		29,876
Current assets					
Stocks	*15*	8,229		13,174	
Debtors	*16*	26,378		35,759	
Cash at bank and in hand		10,870		9,596	
		45,477		58,529	
Creditors: amounts falling due within one year	*17*	(18,438)		(21,836)	
Net current assets			27,039		36,693
Total assets less current liabilities			55,697		66,569
Creditors: amounts falling due after more than one year	*18*		(19,151)		(23,315)
Provisions for liabilities and charges	*19*		(1,410)		(2,414)
Net assets			35,136		40,840
Capital and reserves					
Called up share capital	*20*		7,573		7,573
Share premium account	*21*		20,879		20,879
Revaluation reserve	*21*		215		215
Other reserves	*21*		(1,319)		(2,103)
Profit and loss account	*21*		7,788		14,276
Equity shareholders' funds			35,136		40,840

These financial statements were approved by the board of directors on 20 November 2000 and were signed on its behalf by:

Dr F Braun
Director

F. Fuenzalida
Director

Balance sheet
at 31 December 1999

	Note	31 December 1999		31 December 1998	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	*12*		131		356
Investments	*14*		65,871		51,012
			66,002		51,368
Current assets					
Debtors	*16*	17,159		16,635	
Cash at bank and in hand		240		-	
		17,399		16,635	
Creditors: amounts falling due within one year	*17*	(30,159)		(9,648)	
Net current (liabilities)/assets			(12,760)		6,987
Total assets less current liabilities			53,242		58,355
Creditors: amounts falling due after more than one year	*18*		(4,000)		(4,000)
			49,242		54,355
Capital and reserves					
Called up share capital	*20*		7,573		7,573
Share premium account	*21*		20,879		20,879
Other reserves	*21*		(1,686)		(949)
Profit and loss account	*21*		22,476		26,852
Equity shareholders' funds			49,242		54,355

These financial statements were approved by the board of directors on 20 November 2000 and were signed on its behalf by:

Dr F Braun
Director

F. Fuenzalida

Statements of total recognised gains and losses
for the year ended 31 December 1999

	Group		Company	
	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000	**Year ended 31 December 1999 £000**	Year ended 31 December 1998 £000
Retained loss for the financial year	**(6,488)**	(1,298)	**(4,376)**	(1,290)
Currency translation differences	**784**	1,857	**(737)**	(51)
Total recognised gains and losses for the year	**(5,704)**	559	**(5,113)**	(1,341)

Note of historical cost profits and losses
for the year ended 31 December 1999

There is no material difference between the reported profits and losses and the historical cost profits and losses for the year ended 31 December 1999 and the year ended 31 December 1998.

Reconciliations of movements in shareholders' funds
for the year ended 31 December 1999

	Group		Company	
	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000	**Year ended 31 December 1999 £000**	Year ended 31 December 1998 £000
Profit/(loss) for the financial year	**3,902**	(548)	**6,014**	(540)
Dividends	**(10,390)**	(750)	**(10,390)**	(750)
	(6,488)	(1,298)	**(4,376)**	(1,290)
Other recognised gains and losses relating to the year	**784**	1,857	**(737)**	(51)
Net reduction in shareholders' funds	**(5,704)**	559	**(5,113)**	(1,341)
Opening shareholders' funds: equity	**40,840**	40,281	**54,355**	55,696
Closing shareholders' funds: equity	**35,136**	40,840	**49,242**	54,355

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain freehold properties.

Whessoe PLC has taken advantage of provisions within FRS 1 (Revised) and therefore has not included a cash flow statement for the period on the basis that a cash flow is produced in their ultimate parent company accounts, copies of which can be obtained from the parent company.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 1999. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. The group's remaining minority interest in the share capital of Navia AS, a listed Norwegian company, is stated in the consolidated financial statements at market value.

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) was previously written off against reserves on acquisition. Any excess of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) was similarly credited direct to reserves.

With effect from the previous year, however, goodwill arising on the acquisition of subsidiary and other undertakings is capitalised as an intangible asset and amortised over its useful economic life (a maximum of 20 years) in accordance with Financial Reporting Standard 10 'Goodwill and Intangible Assets'.

On the subsequent disposal or termination of a business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

In the company's financial statements, investments in subsidiary and associated undertakings are stated at cost less amounts written off.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold and long leasehold buildings	-	2% per annum
Short leasehold buildings	-	life of lease
Plant and machinery	-	10% per annum
Computer systems	-	20% - 33% per annum
Motor vehicles	-	25% per annum

No depreciation is provided on freehold land.

Notes *(continued)*

1 **Accounting policies** (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

Retirement benefits are funded by contributions made by the Group and its employees which are held in trustee administered funds. For defined benefit schemes contribution taxes are calculated periodically by actuaries and the cost charged against profits over the employees' estimated working lives. For defined contribution schemes, pension contributions are charged to the profit and loss account as they fall due.

Research and development expenditure

Expenditure on research and development is written off against profits as incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Long term contracts

Where turnover on long term contract work in progress differs from invoiced progress payments, the balance is included in debtors or creditors as appropriate.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. In respect of long term contracts it comprises the value of work performed.

Notes *(continued)*

2 Segmental information

Under the provisions of SSAP 25 the group have elected not to present segmental information on the basis that it may be detrimental to the business.

3 Analysis of expenses

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Cost of sales		
Continued operations	**29,642**	41,851
Discontinued operations	**2,657**	411
	32,299	42,262
Net operating expenses		
Continued operations	**26,729**	20,466
Discontinued operations	**1,006**	536
	27,735	21,002

4 Profit on sale of discontinued operations

On 5 October 1999 the group disposed of the vapour part of the business. The details of the sale are as follows:

	£000
Net assets disposed of	3,781
Costs incurred on disposal	5,097
Profit on disposal	6,658
Consideration	15,536

Notes *(continued)*

5 Profit on ordinary activities before taxation

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Profit on ordinary activities before taxation is stated		
after charging		
Auditors remuneration:		
Group - audit	**54**	58
- fees paid to the auditor and its associates in respect of other services	**-**	-
Depreciation and other amounts written off tangible fixed assets	**1,323**	7,315
Research and development expenditure	**2,800**	3,100

6 Remuneration of directors

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Directors' emoluments	**292,240**	224,141
Compensation for loss of office	**476,500**	-
	768,740	224,141

The emoluments of the highest paid director were £148,906 *(year ended 31 December 1998: £122,612)*. He is a member of a defined benefit scheme, under which his accrued pension at the period end was £44,241 *(31 December 1998: £42,531)*.

	Number of directors 1999	1998
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**2**	2

Notes *(continued)*

7 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, was as follows:

	Number of employees	
	Year ended 31 December 1999	Year ended 31 December 1998
Number of employees	**594**	721

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Wages and salaries	**15,210**	17,417
Social security costs	**2,580**	2,472
Other pension costs	**913**	1,109
	18,703	20,998

Notes *(continued)*

8 Net interest payable

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
On bank loans and overdrafts	**1,445**	1,358
Interest receivable	**(235)**	(214)
	1,210	1,144

9 Taxation

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Overseas taxation (including deferred tax)	**241**	214
	241	214

10 Dividends

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Equity shares:		
Dividends paid	**10,130**	-
Dividends proposed	**260**	750
	10,390	750

Notes *(continued)*

11 Profit attributable to members of the parent company

No profit and loss account is presented for the Company as permitted by Section 230 of the Companies Act 1985. The profit/(loss) dealt with in the accounts of the Company was £6,014,000 *(1998: loss of £540,000)*.

12 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Total £000
Group			
Cost or valuation			
At 1 January 1999	10,576	14,256	24,832
Exchange rate adjustments	1,030	117	1,147
Additions	161	930	1,091
Disposals	(403)	(3,834)	(4,237)
At 31 December 1999	11,364	11,469	22,833
Depreciation			
At 1 January 1999	4,968	10,730	15,698
Exchange rate adjustments	435	(106)	329
Charge for year	401	922	1,323
On disposals	(365)	(2,083)	(2,448)
At 31 December 1999	5,439	9,463	14,902
Net book value			
At 31 December 1999	5,925	2,006	7,931
At 31 December 1998	5,608	3,526	9,134

Notes *(continued)*

12 Tangible fixed assets (continued)

	Land and buildings £000	Plant and machinery £000	Total £000
Company			
Cost or valuation			
At 1 January 1999	76	667	743
Additions	-	23	23
Disposals	-	(466)	(466)
At 31 December 1999	76	224	300
Depreciation			
At 1 January 1999	8	379	387
Charge for year	3	36	39
On disposals	-	(257)	(257)
At 31 December 1999	11	158	169
Net book value			
At 31 December 1999	**65**	**66**	**131**
At 31 December 1998	68	288	356

The net book value of land and buildings comprises:

	Group		**Company**	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Freehold	**5,453**	5,070	-	-
Long leasehold	-	2	-	-
Short leasehold	**472**	536	**65**	68
	5,925	5,608	**65**	68

Notes *(continued)*

12 Tangible fixed assets (continued)

The historical cost of land and buildings at 31 December 1999 was as follows:

	Group		Company	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Cost of revalued assets	**379**	2,308	**76**	76
Depreciation	**(307)**	(1,799)	**(11)**	(8)
Net book value	**72**	509	**65**	68

Included in the total net book value of plant and machinery is £nil *(31 December 1998: £77,000)* in respect of assets held under finance lease.

13 Intangible assets

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
At start of year	**18,912**	-
Arising in year	**-**	19,912
Amortisation in year	**(1,000)**	(1,000)
At end of year	**17,912**	18,912

The intangible asset represents goodwill arising on the acquisition of Sakura Endress Co Limited. In the year ended 31 December 1999 £1m of goodwill was amortised through the profit and loss account (*1998: £1 m*).

Notes *(continued)*

14 Fixed asset investments

	Group		Company	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Shares at valuation or cost less provisions	**2,815**	1,830	**65,871**	51,012
Own shares	-	-	-	-
At end of period	**2,815**	1,830	**65,871**	51,012

The Group's shares represent its remaining 8% minority interest in Navia AS.

The Company's investments comprise shares in Group undertakings.

The principal subsidiaries in which the Company holds 100% of the equity are set out below. Those in which the equity is held by a subsidiary undertaking are marked with an asterisk.

Undertakings	**Country of incorporation and operation**	**Principal activity**
* Coggins Systems Inc	USA	Liquid Measurement and Control
* Elcon Instruments Srl	Italy	Intrinsically Safe Electronics
* Whessoe Varec Inc	USA	Liquid Measurement and Control
* Whessoe Varec SA	France	Liquid Measurement and Control
* AG Whessoe Limited	England	Liquid Measurement and Control
* Elcon Instruments Inc	USA	Intrinsically Safe Electronics
* Elcon Instruments Limited	UK	Intrinsically Safe Electronics
* Sakura Endress Co Ltd	Japan	Liquid Measurement and Control

In addition, the whole of the equity of eleven trading and two dormant subsidiary undertakings is held within the Group.

The directors consider that the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount stated in the balance sheet.

Notes *(continued)*

15 Stocks

	Group		Company	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Raw materials and consumables	**4,564**	7,668	-	-
Work in progress	**709**	1,578	-	-
Finished goods and goods for resale	**2,956**	3,928	-	-
	8,229	13,174	-	-

16 Debtors

	Group		Company	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Trade debtors	**20,514**	23,105	**4**	-
Amounts recoverable on contracts	**93**	39	-	-
Amounts owed by parent undertaking	**3,804**	9,591	**288**	-
Amounts owed by subsidiary undertakings	-	197	**16,867**	16,372
Other debtors	**1,455**	798	-	263
Prepayments and accrued income	**512**	2,029	-	-
	26,378	35,759	**17,159**	16,635

17 Creditors: amounts falling due within one year

	Group		Company	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Bank loans and overdrafts (see note 18)	**6,374**	7,888	**794**	2,531
Progress claims in advance	-	36	-	-
Trade creditors	**4,341**	7,526	**83**	25
Bills of exchange payable	-	-	-	-
Amounts owed to group undertakings	**1,678**	66	**26,334**	3,869
Taxation and social security	**582**	815	**913**	913
Other creditors and accruals	**5,203**	4,755	**2,035**	1,560
Dividend proposed	**260**	750	-	750
	18,438	21,836	**30,159**	9,648

Notes *(continued)*

18 Creditors: amounts falling due after more than one year

	Group		Company	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Bank loans	**19,151**	17,286	-	-
Other loans	-	6,024	**4,000**	4,000
Other creditors	-	5	-	-
	19,151	23,315	**4,000**	4,000

Analysis of debt:

	Group		Company	
	31 December 1999 £000	31 December 1998 £000	**31 December 1999 £000**	31 December 1998 £000
Bank loans and overdraft				
Between one and two years	**2,545**	2,545	-	-
Between two and five years	**16,606**	14,741	-	-
In five years or more	-	-	-	-
Bank loans after more than one year	**19,151**	17,286	-	-
Less than one year	**6,374**	7,888	**794**	2,531
	25,525	25,174	**794**	2,531
Other loans				
Between two and five years	-	6,024	-	-
	25,525	31,198	**794**	2,531

The terms of repayment and rates of interest are as follows:

Bank loans - £2.5m of the bank loan repayable within one year is denominated in Italian Lira. The balancing £16.6m relates to Sakura.

Other loan - The other loan repayable in two to five years was an issue of 8.33% unsecured Senior Guaranteed Loan Notes on 4 February 1993 with a final maturity of 1 March 2003. This has now been repaid.

Notes *(continued)*

19 Provisions for liabilities and charges

Group	Deferred taxation £000	Other provisions £000	Total £000
At beginning of year	489	1,925	2,414
Charge for the year	101	(1,105)	(1,004)
At end of year	590	820	1,410

20 Called up share capital

	31 December 1999 £000	31 December 1998 £000
Authorised		
Ordinary shares of 25p each	**12,000**	12,000
Allotted, called up and fully paid		
Ordinary shares of 25p each	**7,573**	7,573

21 Share premium and reserves

	Group			
	Share premium account £000	**Revaluation reserve** £000	**Other reserves** £000	**Profit and loss account** £000
At 1 January 1999	20,879	215	(2,103)	14,276
Retained loss for the year	-	-	-	(6,488)
Exchange adjustments	-	-	784	-
At 31 December 1999	20,879	215	(1,319)	7,788

	Company			
	Share premium account £000	**Revaluation reserve** £000	**Other reserves** £000	**Profit and loss account** £000
At 1 January 1999	20,879	-	(949)	26,852
Retained loss for the year	-	-	-	(4,376)
Exchange adjustments	-	-	(737)	-
At 31 December 1999	20,879	-	(1,686)	22,476

Notes *(continued)*

22 Contingent liabilities

At 31 December 1999 there were contingent liabilities of £7,480,000 under bank guarantees for the performance of contracts.

At 31 December 1998 notification of a possible claim concerning the non supply of flame arresters had been received by AG Marvac Limited. The amounts which may be claimed are understood to be significant. The validity or otherwise of the possible claim is being investigated and the directors intend to defend the claim vigorously. Their view, based on information currently available, is that the claim will not result in a material liability to the group.

23 Commitments

(a) Capital commitments at the end of the financial period, for which no provision has been made, are as follows:

	Group		Company	
	31 December 1999	31 December 1998	**31 December 1999**	31 December 1998
	£000	£000	**£000**	£000
Contracted	**-**	120	**-**	-

(b) Annual commitments under non-cancellable operating leases are as follows:

	31 December 1999		31 December 1998	
	Land and buildings	**Other**	Land and buildings	Other
Group	**£000**	**£000**	£000	£000
Operating leases which expire:				
Within one year	**472**	**578**	682	30
In the second to fifth years inclusive	**214**	**859**	-	2,782
Over five years	**-**	**-**	270	-
	686	**1,437**	952	2,812

Notes *(continued)*

24 Pension scheme

Contributions to the group's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary. The most recent valuation was at 1 April 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The most recent actuarial valuation showed that the market value of the scheme's assets was £3,695,926 at 1 April 1999 and that the actuarial value of those assets represented 84.8% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees changed to 15.2% and 5% of earnings respectively.

25 Related party disclosures

As the company is a wholly owned subsidiary of Endress + Hauser (International) Holding AG, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions with entities which form part of the group.

26 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary undertaking of Endress + Hauser (International) Holding AG, which is the ultimate parent company incorporated in Switzerland.

The largest group in which the results of the company are consolidated is that headed by Endress + Hauser (International) Holding AG. The consolidated accounts of this group are available to the public and may be obtained from:

Endress + Hauser (International) Holding AG
Kagenstrasse 7
4153 Reinach/BL1
Switzerland

The immediate parent company of Whessoe PLC is Endress + Hauser Investments Limited, a company incorporated in England.