

2151778

KLAUS UNION (U.K.) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1999

FISK & CO.
CHARTERED CERTIFIED ACCOUNTANTS
& REGISTERED AUDITOR

International House
South Street
Ipswich
Suffolk



KLAUS UNION (U.K.) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1999

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KLAUS UNION (U.K.) LIMITEDDIRECTORS' REPORTYEAR ENDED 31ST DECEMBER 1999

The Directors present their Report together with the financial statements of the Company for the year ended 31st December 1999

1. REVIEW OF THE BUSINESS

The Company's principal activities during the year were that of agents and distributors for magnetic drive pumps manufactured in Italy & Germany.

In the Directors' opinion the results were in line with expectations.

2. RESULTS AND DIVIDENDS

The trading results are shown in the profit and loss account on Page 4. The Directors are not recommending the payment of a dividend.

3. DIRECTORS AND THEIR INTERESTS(a) Shareholdings

The Directors during the period and their interests in shares of the Company at the beginning and end of the period were as follows:-

	<u>31.12.1999</u>	<u>31.12.1998</u>
T. Eschner	-	-
P. S. Minter	10	10

(b) Responsibilities

Company Law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for that period. In preparing those accounts the Directors are required to :-

- select suitable accounting policies and then apply them consistently:
- make judgments and estimates that are reasonable and prudent:
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

KLAUS UNION (U.K.) LIMITED

DIRECTORS' REPORT (cont.)

YEAR ENDED 31ST DECEMBER 1999

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act. 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.

4. STATUS

The Company is a close company under the provision of the Taxes Acts.

5. FIXED ASSETS

Changes in fixed assets are recorded in the notes to the accounts.

6. AUDITORS

A resolution to reappoint the auditors, Fisk & Co will be proposed at the annual general meeting.

By Order of the Board

.....
Secretary
J. Phillips

International House
South Street
Ipswich
Suffolk

Date 6th March 2000

Company No.: 2151778

REPORT OF THE AUDITORS TO THE MEMBERS OF

KLAUS UNION (U.K.) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, 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 financial 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 accounts. It also includes an assessment of the significant estimates and judgements by the Directors in the preparation of the accounts 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts give a true and fair view of the state of the Company's affairs as at 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date: 6th March 2000

International House
South Street
Ipswich
Suffolk

FISK & CO
CHARTERED CERTIFIED ACCOUNTANTS
AND REGISTERED AUDITORS

FISK & CO,

KLAUS UNION (U.K.) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1999

	<u>Note</u>	<u>1999</u>	<u>1998</u>
		£	£
TURNOVER	2	874,214	885,214
DIRECT COSTS		(534,295)	(591,845)
		-----	-----
GROSS PROFIT		339,919	293,369
ADMINISTRATIVE EXPENSES		(160,787)	(158,139)
		-----	-----
		179,132	135,230
INTEREST RECEIVABLE	3	3,101	13,188
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	182,233	148,418
TAXATION	6	(53,567)	(63,874)
		-----	-----
PROFIT AFTER TAXATION		128,666	84,544
RETAINED PROFIT BROUGHT FORWARD		446,535	361,991
		-----	-----
RETAINED PROFIT CARRIED FORWARD		575,201	446,535
		=====	=====


The Company has no other gains or losses other than the profit for the period.

The notes on pages 6 to 9 form part of these accounts.

KLAUS UNION (U.K.) LIMITEDBALANCE SHEET AS AT31ST DECEMBER 1999

	<u>Notes</u>	£	<u>1999</u> £	£	<u>1998</u> £
FIXED ASSETS					
Tangible Assets	7		35,219		46,774
CURRENT ASSETS					
Investments		271,283		-	
Debtors	8	125,032		380,492	
Cash at bank and in hand		514,804		408,914	
Stock		28,448		74,876	
		-----		-----	
		939,567		864,282	
		-----		-----	
CREDITORS: Amounts due within one year	9	(399,485)		(464,421)	
		-----		-----	
NET CURRENT ASSETS			540,082		399,861
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			575,301		446,635
			=====		=====
TOTAL ASSETS					
CAPITAL AND RESERVES					
Called up share capital	10		100		100
Profit and loss account			575,201		446,535
			-----		-----
			575,301		446,635
			=====		=====

Approved by the Board on 6th March 2000


 P S Minter
 Director

The notes on pages 6 to 9 form part of these accounts

KLAUS UNION (U.K.) LIMITEDCASH FLOW STATEMENTYEAR ENDED 31ST DECEMBER 1999

	<u>1999</u>	<u>1998</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
Trading Profit	179,132	135,230
Depreciation	13,191	16,316
Loss on sale of Asset	-	3,814
Increase/(Decrease) in Creditors exc. tax	(54,633)	114,320
Decrease/(Increase) in Debtors	255,460	(166,533)
Decrease/(Increase) in Stocks	46,428	(27,422)
Decrease/(Increase) in Investments	(271,283)	-
	-----	-----
	168,295	75,725
Interest Received	3,101	13,188
	-----	-----
	171,396	88,913
Corporation tax paid	(63,870)	(49,644)
Expenditure on Fixed Assets	(1,636)	(16,824)
Proceeds from sale of Fixed Assets	-	3,900
	-----	-----
Net cash Inflow/(Outflow)	105,890	26,345
	=====	=====
Increase/(Decrease) in cash balances	105,890	26,345
	=====	=====

KLAUS UNION (U.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1999

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the total amount receivable by the Company in ordinary course of business for goods supplied and services provided excluding value added tax.

Depreciation

Depreciation is calculated to write off book value of each tangible fixed asset over its expected useful life at the following rates:-

Motor Vehicles	25% on reducing balance
Office Equipment	25% on reducing balance
Computer	25% straight line
Workshop Equipment	25% on reducing balance

Stock

Stock is stated at the lower of cost and net realisable value.

Cost is based on purchase including transport and handling costs calculated on a first in first out basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction. All revaluation and realised differences are taken to revenue.

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling during the year.

KLAUS UNION (U.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1999

Pensions

The Company operates a pension scheme. Contributions for year are charged to revenue.

2. Analysis of Turnover

Turnover analysed by geographical market:-

	<u>1999</u>	<u>1998</u>
Sales - U.K.	701,659	508,856
Sales - Export	172,555	376,358
	-----	-----
	874,214	885,214
	=====	=====

3. Interest Receivable and Similar Income

	<u>1999</u>	<u>1998</u>
Bank interest receivable	1,050	5,004
Loan interest receivable	2,051	8,184
	-----	-----
	3,101	13,188
	=====	=====

4. Profit On Ordinary Activities before Taxation

Profit on ordinary activities before taxation is stated after charging:-

	<u>1999</u>	<u>1998</u>
Depreciation	13,191	16,316
Auditors Remuneration (including accountancy work)	950	850
Loss on Assets sold	-	3,814

KLAUS UNION (U.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1999

5. Staff Costs

Particulars of employees (including Directors) are as follows:

Employee costs during the year to 31st December 1999 amounted to:-

	<u>1999</u>	<u>1998</u>
Wages and Salaries	82,764	75,264
Social Security Costs	8,772	6,914
Other Pension Costs	4,750	4,140

The average weekly number of persons employed by the Company were as follows:

<u>1999</u>	<u>1998</u>
4	6

Emoluments of the Directors were as follows:-

	<u>1999</u>	<u>1998</u>
Directors Remuneration	28,608	27,195
Social Security Costs	3,517	2,786
Other Pensions Costs	4,750	4,140

6. Taxation

The tax charge is based on the profit and comprises:-

	<u>1999</u>	<u>1998</u>
U.K. Corporation Tax charge at 31% & 30% less marginal relief	53,567	43,089
Over Provision in Previous Years	-	-
Under Provision in Previous Year	-	20,785
	-----	-----
	53,567	63,874
	=====	=====

KLAUS UNION (U.K.) LIMITEDNOTES AND ACCOUNTING POLICIESYEAR ENDED 31ST DECEMBER 19997. TANGIBLE ASSETS

	<u>Building</u>	<u>Motor</u>	<u>Plant &</u>	<u>Total</u>
	<u>Improvements</u>	<u>Vehicles</u>	<u>Equipment</u>	
<u>Cost</u>				
At 1st January 1999	10,261	64,459	23,314	98,034
Additions	-	-	1,636	1,636
Disposals	-	-	-	-
At 31st December 1999	10,261	64,459	24,950	99,670
<u>Depreciation</u>				
At 1st January 1999	10,261	26,812	14,187	51,260
Charge for the year	-	9,412	3,779	13,191
At 31st December 1999	10,261	36,224	17,966	64,451
<u>Net Book Value</u>				
At 1st January 1999	-	37,647	9,127	46,774
At 31st December 1999	-	28,235	6,984	35,219

8. Debtors

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Trade Debtors	122,993	207,936
Prepayments and accrued income	587	3,581
Other Debtors	1,452	964
Loan to Parent Company	-	168,011
	-----	-----
	125,032	380,492
	=====	=====

KLAUS UNION (U.K) LIMITEDNOTES AND ACCOUNTING POLICIESYEAR ENDED 31st DECEMBER 19999. CREDITORS 1999 1998

Amounts falling due within one year:-

Trade Creditors	217,166	349,048
Other Taxes	65,917	21,004
Accruals	62,835	30,499
Corporation Tax	53,567	63,870
	-----	-----
	£399,485	£464,421
	=====	=====

10. CALLED UP SHARE CAPITAL

	<u>Authorised</u> £	<u>Allotted and fully paid</u> £
Ordinary shares of £1 each At 31/12/98	100	100
At 31/12/99	100	100