

I, Dr. Gert Weiz, assistant defense counsel for Karl Eberhardt, in Case X before the American Military Tribunal in Nuernberg herewith certify that the attached copy of a memorandum dated 24 March 1945 on a balance sheet discussion of 20 March 1945 of the Suedwerke was handed to me by the management of Suedwerke G.m.b.H. in Bamberg from their original records.

Nuernberg, 8 April 1948

(signed): Weiz

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Commercial Accounting

Balance Sheet Discussion of 20 March 1945

present: Bie i
Doernenburg
Koenebruch
Buerkel
Kuhl
Tillmann

Comments on the individual postings of the monthly
balance sheet as of 30 September 1944.

I. Assets

II. Capital assets:

1 - 3 Real property and factory installations (machines)

The amount here shown, of 2,9 million Reichsmark constitutes the corporation tax as of 1 May 1943 on the machines which incidental to the moving of Krawa were taken from Essen to Muelhausen.

As a result of the new shifting these machines, including the newly acquired machines, were moved in September and October of last year to Kulmbach and Nuernberg, respectively.

It is now being established which machines are actually still there (by checking against the machine card index of the planning office)

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Machines which are unfit for use or which did not arrive are reported as war damage.

With the Krawa machines there were also machines brought here which are the property of Elmag A.G. These machines should be listed at the earliest possible moment, for possible rent payment to Elmag. On the machines which are considered replacements for machines which were destroyed in Essen in Krawa plants and which were ordered by TB (technical office) Essen an accounting is not possible at this time because of lack of data. This question was already taken up incidental to a discussion in Essen, early last year, at which the officials Finzel, Lenke of TB as well as Biegi and Koenebruch were present, in addition to other officials.

Results of the investigations to be made on this by TB have not been made known to us to this day.

Consequently we must list these machines for the time being as having a token value of RM 1.- each.

In addition, Elmag Werke Elsass (Alsatian works) Maschinenbauges. G.m.b.H. (machine building limited liability company) Muelhausen/Alsace has also purchased other machines or machines of equivalent value for those which were destroyed in Essen and which were paid for by Muelhausen. These machines also must be accounted for here. On the machine inventory which is on hand as of 30 September 1944, having a value of 2.9 million Reichsmark the amounts to be written off in the balance sheet for depreciation were figured out. As regards special depreciation figures because of excessive stress (increased number of shifts) this will be discussed after the draft balance sheet is ready.

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The new installations, not yet finished, are carried as representing 1.4 million Reichsmark.

This covers:

RM 400,000 for machines taken over for which accounts will be rendered;

RM 300,000 the cost of machines for which accounting is still to be made;

RM 700,000 costs for constructions in Muelhausen.

The draft balance sheet of the Krupp Konzern provides that except for a small amount the item of 1.4 million Reichsmarks must be accounted for in the final balance sheet as of 30 September 1944.

According to a list of the planning office (Herr Gedigk) the machines acquired between 1 May 1943 and 30 September 1944 amount to 1.7 million Reichsmark. Under normal conditions Bgh (building accounting office) should have accrued expenditures under the heading of "new installations not finished" and which from then on should be accounted for as immovables. As only 300,000 Reichsmark are available for them one is led to believe at this time that TB Essen furnished machines which are covered by the 1.7 million Reichsmark; but no entry has been made to charge for that amount.

The machines brought in by KRW Gora must still be accounted for and credited to them.

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4. Tools, plant equipment and business equipment -
inventory II.

It was agreed that Inventory II will be taken soon again and that the main date for inventory will be 31 March 1945.

According to the directives laid down in Muelhausen for taking Inventory II the Finance Bookkeeping dept. is to receive without delay reports on additions made - together with itemized lists - for the period of ¹May 1943 to 30 September 1944.

The individual lists are needed for tax purposes.

III. Assets in circulation.

Supplies on hand

1. Raw materials, auxiliary materials and service material.

This involves

- a) stocks as per inventory of 30 September 1944
- b) balance of purchase account, approx. 1 million Reichsmark.

The invoices covering this amount are not available (they either remained in Muelhausen or were lost in transit). It was agreed to pass on this amount to BbH (building bookkeeping) by special memorandum.

To establish the figures for war damages in terms of supplies it is necessary to segregate the inventory of Krawa from that of Maba. The damage to be established now will be the difference between what is carried on the books and what arrived from Muelhausen. In the balance sheet as of 30 September 1944 the stocks will be shown as follows:

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1. Raw, auxiliary and operating materials

14.8 mill. RM, of which approx. 3.7 mill. RM were brought here.

2. Semi-finished products.

10.3 mill. RM of which approx. 2.0 mill. RM were brought here.

3. Finished Products.

2.7 mill. RM, of which approx. 2.5 mill. RM were brought here.

(Figures were given by Herr Doernenburg)

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In letter No. 723 of 21 Feb. 1945, reference F/P, from the Hbh.(?) concerning supplies of goods which remained abroad or in German territories occupied by enemy forces appears the following paragraph inter alia:

"We beg to request that, in the final settlement of the yearly statement as of 30 Sep. 1944- in so far as this has not already been done -, you write off supplies of goods taken out of our control of a nominal value of RM 1.00 by forming an "adjustment fund".

This policy will be adopted with effect from 30 Sep. 1944, see explanations under adjustment funds for supplies.

7. Payments made by us on account

amount to RM 674.000.-- This includes a payment made on behalf of Krupp S.A., Paris, the amount of which was RM 100 000.-- and which will be debited to Essen of 30 Sept. 1944 .

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since settlement of war damages of the Krupp B... , Paris will be made at Essen.

The remaining foreign payments are to be booked as war damages.

The sum in question is ^{approx.} RM 481.000.-- This amount includes: payments to Alsatian suppliers to the value of approx. RM 31 000.--

8. Claims from goods deliveries and payments (Leistungen)

At home, these amount to 3.5 mill. RM, of which approx. RM 278.000.-- are delivered to Alsatian customers.

Foreign requirements are recorded at RM 338.000.-- According to the circular letter on the annual balance of Ibh. Essen, the foreign claims and those to the Alsatian customers will be written off at 35% with effect from 30 Sep. 1944.

9. Claims to Konzern Enterprises.

14. Bank balances, Reichsbank and Postal Check Accounts.

15. Bank Credits

are clear and will remain.

16. Other Claims

IV. Suspense Items

These two items together include RM 7.9 million, the transfer costs for Essen and Muehlhausen .

By 30 Sep. 1944 6.2 million RM transfer costs had been received so that 14.1 million RM have been activated for this purpose.

Payment made to us by Elmag A.G. for air-raid security costs amounting to RM 200.000.-- will still be credited to the transfer costs account until 30 September 1944 since our air-raid security expenditure is also carried as transfer costs

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(see Liabilities IV, Reserves).

Hence there remain approx. 13,9 mill. RM transfer costs. Back accounts will be set up for the evacuation costs, for:

- 1) RM 13,2 million (exact figures will be calculated in connection with the letter of OKH, dated 20 Dec. 1944, relating to transfer (costs Essen-Muehlhausen).
- 2) RM 623,651.56. This concerns air-raid security costs to be refunded by OKH. The write-off mentioned in the letter of the OKH to the amount of RM 100,044.15, will be debited to war damages account since it has not yet been compensated.

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The difference between the air-raid security expenses incurred and those refunded, including the charges still arising from the transfer Essen-Muehlhausen, will be settled with the the adjustment fund for transfer costs (see liabilities III/3 adjustment fund for outstanding debts, RM 825,000.--).

About the RM 623,651.56, a special application is to be made to Dr. Liertz. This amount is included in the total transfer costs, therefore no special account is to be drawn up.

Liabilities.

III. Adjustment Funds.

1) for fixed assets

In the write-offs of the balance sheets (RM 722,000.--) are included the write-offs for machinery to be undertaken in the business year 1943/44.

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RM 227,000,00 are shown as additional write-offs.

When required this will be used to cover partly any loss which may arise by 30 September 1944; if there is no such loss, it is suggested that this amount be placed into a reserve fund.

2) for stocks

Shown are adjustment funds for goods which are taken out of our control (see letter Hbh., No. 723, of 21 February 1945).

Cf. assets, position III, 1-3 stocks.

On the other hand a claim upon the Reich or war damages office is carried as an asset (The letter of Hbh. contains nothing relevant).

IV. Reserve Funds.

- 1) RM 100,000,00. The risk arising out of the lease agreement (payments Dalmer etc.). Will be dissolved by 30 September 1944.
- 2) RM 156,000,00 hitherto listed under designation "employment of prisoner-of-war". It is retained and carried during the new year as a reserve for expenses arising out of employment of foreign workers (construction of huts, hospital, de-lousing, etc.).
- 3) RM 485,000,00 "for any other expenditure". This amount is provided for any other risk, for example:
 - a) value adjustment of stocks.
 - b) risk arising out of war damages settlement.
 - c) risk of transfer costs.
 - d) risk arising out of existing contracts.
 - e) winding up expenditure, etc.
- 4) RM 308,000,00. This includes administration costs, K-works, etc. (approx. RM 100,000,00). This amount

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will be utilized to reduce internal costs of administration and sales.

In addition there are still RM 200.000.00. This is the payment of Elmag A.G. for its share of air-raid security costs. Since this reserve fund is not included for tax purposes, it will be used (see above, Page 4/IV) to reduce the air-raid security expenses which were debited to the transfer costs account.

- 5) RM 1.480.000.00. This amount originates in the production costs of the Bbh. which were put too high. It remains in the new year and serves as a reserve fund for any risk arising out of lease contracts (re-establishment of original conditions in the rented rooms and the like, first Kulmbacher, etc.)

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V. Commitments.

- 5) Part payments by customers RM 2.184.000.00
incl. domestic : RM 1.303.000.00
foreign : RM 881.000.00

Accounts remain unchanged.

- 6) Commitments arising out of goods received and services

Domestic RM 4.963.000.00

incl. RM 689.000.00 to Alsatian suppliers;

Foreign RM 170.000.00

(were discharged in part during the new year)

RM 5.133.000.00 remain unchanged.

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Wages and Salaries in Arrears, Social Welfare Contributions,
Freight, etc.

Total RM 1,176,000.--.

The Alsatian personnel (Gefolgschaft) still has a claim for wages and salaries for the period from 1 November 1944 to 20 November 1944 of approx. RM 800,000.-- (see under miscellaneous). This amount will be dealt with in the new year and settled under war damages.

7) Commitments towards Konzern enterprises.

(RM 10,000.-- remain).

10) Taxes in Arrears.

RM 1,624,000.--

incl. " 1,526,000.-- taxes on profits.

Among other commitments (RM 733,000.--) are contained
inter alia:

Elmag A.G. Account RM 180,000.--

Contributions still to be made,
German Labor Front " 3,000.--

The same, to social insurances " 170,000.--

Wage taxes to be paid " 150,000.--

VIII) Profit in 1943/44 (12 months = 821,000.--)

This concerns the profit according to the monthly balance sheet (without consideration of the risk of 20 Nov. 1944).

IX) Debt to Fried. Krupp, Essen

23,8 million Reich Marks.

Since the present balance sheet concerns the monthly balance as of 30 Sept. 1944, the risk arising from 20 Nov. 1944 to be considered in accordance with instructions issued by Herr Eberhardt has not yet been calculated. This will be included in the draft settlement.

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Nothing will change in the figures of the profit and loss statement since this concerns actual expenditures.

Miscellaneous.K-Werk Sclingen-Wald.

The balance sheets of the K-Werke at Brussels, Paris, Gora-Kalvaria and East (Ost) will be incorporated in the balance sheet of the Essen cast steel plant. Since these plants no longer exist, Essen must assimilate the balances as of 30 Sept. 1944.

(reverse of sheet 3)

The balance sheet of K-Werk Sclingen-Wald is in future to be included in that of the Suedwerke G.m.b.H. An analogous suggestion will be made to Hbh. Essen.

Elmag Contract.

For the period from 1 October 1944 to 20 November 1944, the proportion of the lease still to be paid to Elmag A.G. will be calculated and will appear as war damages. For the same period relative to wages and salaries to the Alsatian employees (Gefclg-schaft) (approx. RM 800,000.--), see liabilities V/6.

Supplies of Spare Parts and Settlement of War Damages.

450 tons spare parts were scrapped. Proceeds amounted to RM 12,000.--

Re-valued at: 4 - 500,000.--.

If these parts remain for one year or longer at the supply depot, the sale might have realised RM 80 - 100,000.--. The difference in amounts is

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war damages.

General.

It was reported that we had succeeded in re-organizing again in Bamberg from the middle of November of last year to the middle of March, this year, the work of the accounts department which was interrupted in Muehlhausen at the beginning of October, last year, and also to complete the monthly settlement as of 30 Sep. 1944 to 30 Mar. 1945. Except for contracts to 1 Oct. 1944, operations of the new business year in the finance bookkeeping department are proceeding normally, so that the profit statements for the previous months can be computed upon presentation of all figures, production costs, operational results, wages and salaries (deductions).

Since the housing of the financial bookkeeping department in the Schuhfabrik MANZ A.G. is more than unfavorable in view of the enemy air raids and possible bombing (no air-raid shelter, etc.), all conceivable possibilities of transferring the financial bookkeeping department to a place in Bamberg are being investigated. (of special file memoranda).

At present removal into the new Residence is being investigated. In this connection, personal negotiations with the Bavarian Administration for state Castles, Gardens and Lakes in Munich must still be conducted.

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At present our liquid assets are in a more than favorable condition. Chiefly, inter alia, this can be attributed to the granting of an advance by the Berlin Armament Bank (Ruestungskontor) for our Muehlhausen war damages.
(war economic aid)

For special reasons we have established accounts for this purpose, in the name of the Fried. KRUPP business office at Bamberg, at the Dresdner Bank, Bamberg branch (4,0 million RM) and the Deutsche Bank, Nuernberg branch (2,458 million RM).

The various credit accounts formerly held in the various banks by Muehlhausen have been deposited with the Dresdner Bank, Bamberg branch, as follows:

From the Deutsche Bank, Freiburg Branch (Local branch Schwenningen): Fried. KRUPP Account, Motor Vehicle Plant, Muehlhausen/Alsace offices, RM 235,000.00 , on 12 March 1945;
Elmag account, Alsatian works, Maschinenbauges.m.b.H., Muehlhausen/Alsace, RM 217,000.00, on 15 March 1945.

(Sheet 4 of the original)

From the Reichsbank, Muehlhausen/Alsace (Local branch Reutlingen) Fried. KRUPP Account, motor vehicle plant, Muehlhausen/Alsace offices, RM 3,495,83 on 17 March 1945;
Elmag Account , Alsace works, Maschinenbauges.m.b.H., Muehlhausen/Alsace; RM 12,427.21 , on 17 March 1945.

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The RM 55,968.08 accrued from Muehlhausen/Alsace with the Postal Check Office in Nuernberg for Elmag, Alsace Works, Maschinenbauges. m.b.H., Muehlhausen/Alsace, and the RM 3,541.40 of the Fried. KRUPP Motor Vehicle Plant, Muehlhausen/Alsace offices, have not yet been received. Reminders have been sent several times. Receipt may be expected shortly.

Plant Transfer Contract.

According to the tax-department letter, no. 1272, of 7 Mar. 1945 Hk/s, the plant transfer contract of 1 June 1943 concluded between Elmag, Alsace Works, Maschinenbauges.m.b.H., Muehlhausen/Alsace and Fried.KRUPP, Essen, has been cancelled effective 1 October 1944. This means that we leave as a Konzern plant. Mutual deliveries within the Konzern are now subject to taxation. Beginning 1 Oct. 1944 we have to pay all taxes to the Bamberg finance office itself. The main bookkeeping department should be notified to this effect. It necessary our rotating capital will be converted into a participation falling under tax privileges for interlocking companies (Schachtel privileg).

signed: BIEGI signed: KOENEBRUCH

Bamberg 24 March 1945

Kroenebruch/Loeser (Loe).