

Burkert Contromatic Limited

Annual report and abbreviated financial
statements

for the year ended 31 December 2002

Registered Number 831741



Burkert Contromatic Limited

Annual report and abbreviated financial statements for the year ended 31 December 2002

Contents

Full financial statements for the year ended 31 December 2002 were approved by the board of directors on
3 February 03 .

The directors have prepared the attached financial statements for the year ended 31 December 2002 in compliance with Schedule 8 of the Companies Act 1985 for filing with the Registrar of Companies.

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Burkert Contromatic Limited

Directors and Advisors for the year ended 31 December 2002

Directors

Mr P M Dietschi

Mr W Steiger

Secretary and registered office

Mrs A Saunders

Brimscombe Port Business Park

Brimscombe

Stroud

Gloucestershire

GL5 2QF

Registered Auditors

PricewaterhouseCoopers LLP

Lennox House

Beaufort Buildings

Spa Road

Gloucester

GL1 1XD

Solicitors

Bretherton Price Elgoods

123 The Promenade

Cheltenham

Gloucestershire

GL50 1NW

Bankers

Barclays Bank plc

18 Southgate Street

Gloucester

GL1 2NJ

Burkert Contromatic Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activity

The principal activity of the company continued to be the distribution of Fluid Control Systems incorporating Valve and Control Technology.

Review of business and future developments

A small percentage growth in sales and a small operating profit are acknowledged as being hard fought. We have seen a further decline in the market conditions that is contrary to our previous opinion of stable operating conditions.

We are therefore satisfied with the results achieved and look forward to developing our strategy of Fluid Control Systems much more to build upon these results. We anticipate further growth and increased profitability.

Results and dividends

The profit and loss account for the year is set out on page 5.

The profit for the year, before taxation, amounted to £55,926 (2001: loss £790,619). The directors do not recommend the payment of a dividend.

Directors

The director of the company during the year were Mr W Steiger and Mr P M Dietschi.

Directors' interests in the shares of the company

No director of the company held any interest in the shares of the company during the year to 31 December 2002.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 December 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

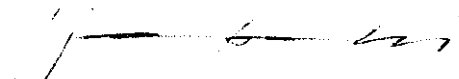
The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Burkert Contromatic Limited

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



Director

3.02.03

Burkert Contromatic Limited

Independent auditors' report to the directors of Burkert Contromatic Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages 5 to 16 together with the annual financial statements of Burkert Contromatic Limited for the year ended 31 December 2002.

Respective responsibilities of directors and auditors

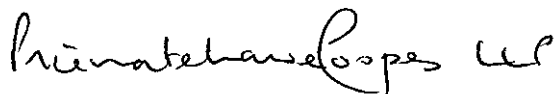
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with that provision and to report our opinion to you. This report, including the opinion, has been prepared for and only for the company's directors for the purpose of Section 247B of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to who this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purposes of this report did not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246A(3) of the Companies Act 1985 and the abbreviated financial statements to be delivered are properly prepared in accordance with that provision.



Chartered Accountants and Registered Auditors
Gloucester, 24 March 2003

Burkert Contromatic Limited

Abbreviated profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Gross profit		2,443,694	2,158,531
Net operating expenses	3	(2,389,924)	(2,952,869)
Operating profit/(loss)		53,770	(794,338)
Interest receivable and similar income		4,082	4,180
		57,852	(790,158)
Interest payable and similar charges	6	(1,926)	(461)
Profit/(loss) on ordinary activities before taxation	7	55,926	(790,619)
Tax on profit/(loss) on ordinary activities	8	59,936	30
Retained profit/(loss) for the financial year	15	115,862	(790,589)

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All of the above results arise from continuing activities.

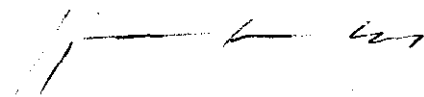
Burkert Contromatic Limited

Balance sheet as at 31 December 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	9	137,572	154,140
Current assets			
Stocks	10	629,901	830,944
Debtors	11	1,353,710	1,336,505
Cash at bank and in hand		226,203	220,770
		2,209,814	2,388,219
Creditors: amounts falling due within one year	12	1,622,791	1,933,626
Net current assets		587,023	454,593
Net assets		724,595	608,733
Capital and reserves			
Called up share capital	14	500,000	500,000
Profit and loss account	15	224,595	108,733
Equity shareholders' funds	16	724,595	608,733

Advantage has been taken of the exemptions for medium-sized companies conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to benefit from those exemptions as a medium-sized company.

Approved by the Board on 3.02.03



Director

Burkert Contromatic Limited

Cash flow statement for the year ended 31 December 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	17	48,917	314,802
Returns on investment and servicing of finance			
Interest received		3,053	4,180
Interest paid		(342)	(461)
Interest paid on finance leases		(1,584)	-
Net cash inflow from returns on investments and servicing of finance		1,127	3,719
Taxation			
UK corporation tax paid		-	(71,020)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(42,367)	(100,539)
Sale of tangible fixed assets		913	-
Cash inflow before management of liquid resources and financing		8,590	146,962
Financing			
Capital element of finance lease repayments		(3,157)	-
Increase in cash in the period	18	5,433	146,962

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2002

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Improvements to leasehold property	20
Fixtures, fittings and test plant	10
Computer equipment	33.33
Motor vehicles	25

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

Turnover comprises the amounts receivable from customers for sales excluding value added tax.

Deferred taxation

Following the adoption during the year of the new Financial Reporting Standard 19 – Deferred Taxation, provision is made in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured on a non-discontinued basis.

Deferred tax assets are recognised to the extent that they are considered recoverable.

Pension scheme arrangements

The company pension scheme is a defined contribution scheme, contribution costs being charged to the profit and loss account as they are incurred.

Burkert Contromatic Limited

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date except where the liability is covered by a forward contract, in which case the contracted rate is used. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

2 Turnover

Turnover consists entirely of sales originating in the United Kingdom. Approximately 17% of sales are made to countries outside of the United Kingdom.

Turnover is derived from transactions with external customers, with the exception of sales made to Burkert Contromatic AG as shown in Note 23.

3 Net operating expenses

Net operating expenses are made up as follows:

	2002	2001
	£	£
Distribution costs	1,596,557	1,922,888
Administrative and other operating income and expenses	793,367	1,029,981
	2,389,924	2,952,869

4 Directors' emoluments

None of the directors received any emoluments in respect of their services to the company.

5 Employee information

The average weekly number of persons employed by the company (including executive directors) during the year was:

By activity	2002	2001
	Number	Number
Administration	5	6
Sales	18	23
Technical and stores	14	14
	37	43

Burkert Contromatic Limited

5 Employee information (continued)

Staff costs (for the above persons)	2002	2001
	£	£
Wages and salaries	1,038,059	1,110,275
Social security costs	112,796	125,925
Other pensions costs (note 13)	108,156	117,392
Total direct costs of employment	1,259,011	1,353,592

6 Interest payable and similar charges

	2002	2001
	£	£
On bank loans and overdrafts	342	461
On finance leases	1,584	-
	1,926	461

7 Profit on ordinary activities before taxation

	2002	2001
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Loss on foreign exchange	45,548	4,873
Depreciation charge for the year:		
- tangible owned fixed assets	66,655	69,488
Auditors' remuneration	15,000	15,000
Operating leases in respect of:		
- plant and machinery	115,786	124,324
- other	54,506	44,000

Burkert Contromatic Limited

8 Tax on profit on ordinary activities

	2002	2001
	£	£
Current tax		
UK corporation tax on profits/(losses) for the period	(966)	-
Adjustment in respect of prior years	(58,970)	(30)
Total current tax	(59,936)	(30)
Total deferred tax	-	-
Tax on profit on ordinary activities	(59,936)	(30)

The tax assessed for the period is lower (2001 : higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002	2001
	£	£
Profit/(loss) on ordinary activities before tax	55,926	(790,619)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK (30%)	16,778	(237,186)
Effects of:		
Expenses not deductible for tax purposes	9,818	12,285
Accelerated capital allowances and other timing differences	(27,562)	224,901
Adjustments in respect of prior period	(58,970)	(30)
Current tax (credit) for the period	(59,936)	(30)

Burkert Contromatic Limited

9 Tangible assets

	Motor vehicles £	Leasehold improvements £	Test Plant £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 January 2002	-	70,451	56,878	111,534	229,643	468,506
Additions	8,442	-	2,697	3,260	32,138	46,537
Intercompany transfer	-	-	-	1,760	6,952	8,712
Disposals	-	-	(29,576)	-	(1,664)	(31,240)
At 31 December 2002	8,442	70,451	29,999	116,554	267,069	492,515
Depreciation						
At 1 January 2002	-	54,973	28,978	47,639	182,776	314,366
Intercompany transfer	-	-	-	74	3,242	3,316
Charge for the year	880	13,584	5,423	13,010	33,758	66,655
Disposals	-	-	(28,146)	-	(1,248)	(29,394)
At 31 December 2002	880	68,557	6,255	60,723	218,528	354,943
Net book amount						
At 31 December 2002	7,562	1,894	23,744	55,831	48,541	137,572
At 31 December 2001	-	15,478	27,900	63,895	46,867	154,140

10 Stocks

	2002 £	2001 £
Stocks of goods for resale	629,901	830,944

11 Debtors

	2002 £	2001 £
Amounts falling due within one year		
Trade debtors	1,251,161	1,276,789
Amounts due from fellow subsidiary undertakings	-	11,319
Corporation tax recoverable	78,008	18,073
Prepayments and accrued income	24,541	30,324
	1,353,710	1,336,505

Burkert Contromatic Limited

12 Creditors - Amounts falling due within one year

	2002	2001
Amounts falling due within one year	£	£
Trade creditors	83,322	103,471
Amounts owed to parent company and fellow subsidiary undertakings	1,278,181	1,555,346
Corporation tax	9,725	-
Other taxation and social security costs	224,933	222,692
Accruals and deferred income	26,630	52,117
	1,622,791	1,933,626

13 Pension obligations

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounted to £108,156 for the year (2001: £117,392).

14 Called up share capital

	2002	2001
	£	£
Authorised		
600,000 ordinary shares of £1 each	600,000	600,000
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	500,000	500,000

15 Profit and loss account

	£
At 1 January 2002	108,733
Retained loss for the year	115,862
At 31 December 2002	224,595

Burkert Contromatic Limited

16 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Opening shareholders' funds	608,733	1,399,322
Profit/(loss) for the financial year	115,862	(790,589)
Closing shareholders' funds	724,595	608,733

17 Reconciliation of operating profit to net cash flow from operating activities

	2002	2001
	£	£
Continuing operations		
Operating profit/(loss)	53,770	(794,338)
Depreciation on tangible fixed assets	69,971	69,488
Loss on sale of fixed assets	934	-
Decrease in stocks	201,043	449,599
Decrease in trade debtors	25,628	246,485
Decrease in prepayments and accrued income	6,812	7,938
Decrease in amounts due from subsidiary undertaking	11,319	129,088
Decrease in trade creditors	(20,149)	(55,657)
(Decrease)/increase in amounts owed to group undertakings	(277,165)	288,753
Increase/(decrease) in other taxation and social security costs	2,241	(60,271)
(Decrease)/increase in accruals and deferred income	(25,487)	33,717
Net cash inflow from operating activities	48,917	314,802

18 Reconciliation of net cash flow to movement in net funds

	2002	2001
	£	£
Increase in cash in period	5,433	146,962
New finance leases	(12,882)	-
Capital element of finance lease repayments	3,157	-
Movement in net funds in the period	(4,292)	146,962
Net funds at 1 January 2002	220,770	73,808
Net funds at 31 December 2002	216,478	220,770

Burkert Contromatic Limited

19 Analysis of changes in net funds

	1 January 2002	Cash flow	Non cash changes	31 December 2002
	£	£	£	£
Net funds				
Cash at bank and in hand	220,770	5,433	-	226,203
Finance leases	-	3,157	(12,882)	(9,725)
Net funds	220,770	8,590	(12,882)	216,478

	1 January 2002	31 December 2002
	£	£
Analysed in balance sheet		
Cash at bank and in hand	220,770	226,203
Finance lease due within 1 year	-	(4,261)
Finance lease due over 1 year	-	(5,464)
Net funds	220,770	216,478

20 Capital commitments

There was no capital expenditure contracted for but not provided for at the balance sheet date.

21 Deferred taxation

The potential deferred taxation not provided for in the financial statements is comprised as follows:

	2002 £	2001 £
Tax effect of timing differences due to		
- excess of tax allowances over depreciation	(9,675)	(4,440)
- trading losses	(156,560)	(245,692)
Deferred tax asset	(166,235)	(250,132)

Burkert Contromatic Limited

22 Financial commitments

At 31 December 2002, the company had annual commitments under non-cancellable operating leases as follows:

	2002		2001	
	Land and buildings	Other	Land and buildings	Other
Operating leases	£	£	£	£
Operating leases which expire:				
- within one year	-	11,468	-	3,762
- in the second to fifth years inclusive	54,453	112,202	44,000	70,825
- over five years	-	-	-	-
	54,453	123,670	44,000	74,587

23 Related party transactions

The company entered into trading transactions during the year with Burkert Contromatic AG, the ultimate parent company of Burkert Contromatic Limited.

The cost of purchases from Burkert Contromatic AG during 2002 totalled £3,568,400 (2001: £3,708,291). Total charges for marketing, sales, engineering, IT support and other specified services support of £193,432 (2001: £191,569), being 3% of turnover, were also paid to Burkert Contromatic AG. The balance outstanding at the year end is £1,269,837 (2001: £1,548,067) and is included within amounts owed to parent company and fellow subsidiary undertakings.

24 Ultimate parent company

The directors regard Burkert Contromatic AG, a company incorporated in Switzerland, as the ultimate parent company and the ultimate controlling party by virtue of its 100% interest in the equity capital of Burkert Contromatic UK.