

Burkert Contromatic Limited

Annual report and abbreviated financial statements for the year ended 31 December 2003

Registered Number 831741



Burkert Contromatic Limited

Annual report and abbreviated financial statements for the year ended 31 December 2003

Contents

Full financial statements for the year ended 31 December 2003 were approved by the board of directors on 31.03.04

The director has prepared the attached financial statements for the year ended 31 December 2003 in compliance with Schedule 8 of the Companies Act 1985 for filing with the Registrar of Companies.

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Burkert Contromatic Limited

Director and Advisors for the year ended 31 December 2003

Director

Mr P M Dietschi

Secretary and registered office

Mrs A Saunders
Brimscombe Port Business Park
Brimscombe
Stroud
Gloucestershire
GL5 2QF

Registered Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Solicitors

Bretherton Price Elgoods
123 The Promenade
Cheltenham
Gloucestershire
GL50 1NW

Bankers

Barclays Bank plc
18 Southgate Street
Gloucester
GL1 2NJ

Burkert Contromatic Limited

Director's report for the year ended 31 December 2003

The director presents his report and the audited financial statements for the year ended 31 December 2003.

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 modest sales growth of 3.4% over 2002 was achieved. Unfortunately, the positive sales result was tainted by an operating loss resulting from sterling/euro devaluation that impacted margin significantly. Market conditions are felt to be more stable than they have been for some while.

The Fluid Control Systems strategy will be fundamental in continuing sales growth and we are satisfied that the necessary action being undertaken to counter the negative exchange effect will provide improved and satisfactory financial results in the mid to long term. We therefore anticipate further sales growth and much improved profitability.

Results and dividends

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

The loss for the year before taxation amounted to £120,653 (2002: profit: £55,926). The directors do not recommend the payment of a dividend.

Director

The director of the company during the year was Mr P M Dietschi. Mr W Steiger resigned as a director on 21 January 2002.

Director's interests in the shares of the company

The director of the company did not hold any interest in the shares of the company during the year to 31 December 2003.

Changes in fixed assets

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

Statement of director's responsibilities

The director is 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 director confirms 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 2003. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The director is 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.

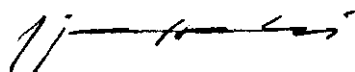
Burkert Contromatic Limited

Director's report for the year ended 31 December 2003

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

Independent auditors' report to the director 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 2003.

Respective responsibilities of directors and auditors

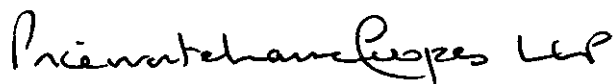
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Section 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 whom 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
Cardiff**

6/4/04

Burkert Contromatic Limited

Abbreviated profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Gross profit		2,260,717	2,443,694
Net operating expenses	3	(2,386,242)	(2,389,924)
Operating (loss)/profit		(125,525)	53,770
Interest receivable and similar income		7,073	4,082
Interest payable and similar charges	6	(2,201)	(1,926)
(Loss)/profit on ordinary activities before taxation	7	(120,653)	55,926
Tax on (loss)/profit on ordinary activities	8	(1,752)	59,936
Retained (loss)/profit for the financial year	15	(122,405)	115,862

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

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

All of the above results arise from continuing activities.

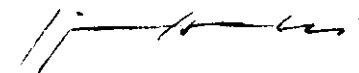
Burkert Contromatic Limited

Balance sheet as at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	9	92,906	137,572
Current assets			
Stocks	10	631,437	629,901
Debtors	11	1,508,479	1,353,710
Cash at bank and in hand		466,399	226,204
		2,606,315	2,209,815
Creditors: amounts falling due within one year	12	2,097,030	1,622,791
Net current assets		509,285	587,024
Net assets		602,191	724,596
Capital and reserves			
Called up share capital	14	500,000	500,000
Profit and loss account	15	102,191	224,596
Equity shareholders' funds	16	602,191	724,596

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 31. 3. 04



Director

Burkert Contromatic Limited

Cash flow statement for the year ended 31 December 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	17	177,400	48,917
Returns on investment and servicing of finance			
Interest received		7,073	3,053
Interest paid		(30)	(342)
Interest paid on finance leases		(2,204)	(1,584)
Net cash inflow from returns on investments and servicing of finance		4,839	1,127
Taxation			
UK corporation tax paid		76,256	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(14,538)	(42,367)
Sale of tangible fixed assets		502	913
Cash inflow before management of liquid resources and financing		244,459	8,590
Financing			
Capital element of finance lease repayments		(4,263)	(3,157)
Increase in cash in the period	18	240,196	5,433

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003

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

Notes to the financial statements for the year ended 31 December 2003 (continued)

1 Accounting policies (continued)

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 to external customers.

3 Net operating expenses

Net operating expenses are made up as follows:

	2003	2002
	£	£
Distribution costs	1,658,007	1,596,557
Administrative and other operating income and expenses	728,235	793,367
	2,386,242	2,389,924

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	2003	2002
	Number	Number
Administration	5	5
Sales	15	18
Technical and stores	16	14
	36	37

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

5 Employee information (continued)

Staff costs (for the above persons)	2003 £	2002 £
Wages and salaries	1,053,555	1,038,059
Social security costs	117,082	112,796
Other pensions costs (note 13)	103,593	108,156
Total direct costs of employment	1,274,230	1,259,011

6 Interest payable and similar charges

	2003 £	2002 £
On bank loans and overdrafts	(3)	342
On finance leases	2,204	1,584
	2,201	1,926

7 Loss on ordinary activities before taxation

	2003 £	2002 £
Loss on ordinary activities before taxation is stated after charging:		
Loss on foreign exchange	83,069	45,548
Depreciation charge for the year:		
- tangible owned fixed assets	48,753	63,536
- assets held under finance lease	4,294	3,119
Auditors remuneration		
- audit services	14,080	13,670
- non audit services	1,620	1,330
Operating leases in respect of:		
- plant and machinery	97,334	115,786
- other	52,362	54,506

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

8 Tax on loss on ordinary activities

	2003 £	2002 £
Current tax		
UK corporation tax on losses/(profits) for the period	-	(966)
Adjustment in respect of prior years	1,752	(58,970)
Total current tax	1,752	(59,936)
Total deferred tax	-	-
Tax on loss on ordinary activities	1,752	(59,936)

The tax assessed for the period is higher (2002 :lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £	2002 £
(Loss)/profit on ordinary activities before tax	(120,653)	55,926
(Loss)/profit on ordinary activities multiplied by standard rate in the UK (30%)	(36,196)	16,778
Effects of:		
Expenses not deductible for tax purposes	8,749	9,818
Accelerated capital allowances and other timing differences	27,447	(27,562)
Adjustments in respect of prior period	1,752	(58,970)
Current tax charge/(credit) for the period	1,752	(59,936)

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

9 Tangible assets

	Mot- vehicle	Leasehold improvements	Test Plant	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2003	8,442	70,451	29,999	116,554	267,069	492,515
Additions	-	-	901	6,688	6,950	14,539
Disposals	(8,442)	-	-	-	-	(8,442)
At 31 December 2003	-	70,451	30,900	123,242	274,019	498,612
Depreciation						
At 1 January 2003	880	68,557	6,255	60,723	218,528	354,943
Charge for the year	1,407	1,894	4,005	13,712	32,032	53,050
Disposals	(2,287)	-	-	-	-	(2,287)
At 31 December 2003	-	70,451	10,260	74,435	250,560	405,706
Net book value						
At 31 December 2003	-		20,640	48,807	23,459	92,906
At 31 December 2002	7,562	1,894	23,744	55,831	48,541	137,572

Included in the Net book value of computer equipment is £5,469 (2002: £9,763) relating to assets held under finance leases.

10 Stocks

	2003	2002
	£	£
Stocks of goods for resale	631,437	629,901

11 Debtors

Amounts falling due within one year	2003	2002
	£	£
Trade debtors	1,474,048	1,251,161
Corporation tax recoverable	-	78,008
Prepayments and accrued income	34,431	24,541
	1,508,479	1,353,710

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

12 Creditors - Amounts falling due within one year

Amounts falling due within one year	2003 £	2002 £
Trade creditors	122,236	83,322
Amounts owed to parent company and fellow subsidiary undertakings	1,595,245	1,278,181
Finance lease	5,462	9,725
Other taxation and social security costs	298,723	224,933
Accruals and deferred income	75,364	26,630
	2,097,030	1,622,791

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 £103,593 for the year (2002: £108,156).

14 Called up share capital

	2003 £	2002 £
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 2003	224,596
Retained loss for the year	(122,405)
At 31 December 2003	102,191

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

16 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Opening shareholders' funds	724,596	608,734
(Loss)/profit for the financial year	(122,405)	115,862
Closing shareholders' funds	602,191	724,596

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

	2003	2002
	£	£
Continuing operations		
Operating (loss)/profit	(125,525)	53,770
Depreciation on tangible fixed assets	53,050	69,971
Loss on sale of fixed assets	5,655	934
(Increase)/decrease in stocks	(1,536)	201,043
(Increase)/decrease in trade debtors	(222,887)	25,628
(Increase)/decrease in prepayments and accrued income	(9,890)	6,812
Decrease in amounts due from subsidiary undertaking	-	11,319
Increase/(decrease) in trade creditors	103,430	(20,149)
Increase/(decrease) in amounts owed to group undertakings	310,392	(277,165)
Increase in other taxation and social security costs	15,947	2,241
Increase/(decrease) in accruals and deferred income	48,764	(25,487)
Net cash inflow from operating activities	177,400	48,917

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

18 Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
Increase in cash in period	240,196	5,433
New finance leases	-	(12,882)
Capital element of finance lease repayments	4,263	3,157
Movement in net funds in the period	244,459	(4,292)
Net funds at 1 January 2003	216,478	220,770
Net funds at 31 December 2003	460,937	216,478

19 Analysis of changes in net funds

	1 January 2003 £	Cash flow £	31 December 2003 £
Net funds			
Cash at bank and in hand	226,203	240,196	466,399
Finance leases	(9,725)	4,263	(5,462)
Net funds	216,478	244,459	460,937

20 Capital commitments

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

Burkert Contromatic Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

21 Deferred taxation

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

	2003 £	2002 £
Tax effect of timing differences due to		
- excess of tax allowances over depreciation	(10,822)	(9,675)
- trading losses	(184,241)	(156,560)
Deferred tax asset (unprovided)	(195,063)	(166,235)

22 Financial commitments

At 31 December 2003, the company had annual commitments under non-cancellable operating leases as follows:

	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
Operating leases				
Operating leases which expire:				
- within one year	52,362	20,082	-	11,468
- in the second to fifth years inclusive	-	154,354	54,453	112,202
- over five years	-	-	-	-
	52,362	174,436	54,453	123,670

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 £4,057,456 (2002: £3,568,400). Total charges for marketing, sales, engineering, IT support and other specified services support of £199,944 (2002: £193,432), being 3% of turnover, were also paid to Burkert Contromatic AG. The balance outstanding at the year end is £1,595,245 (2002: £1,269,837) 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 Ltd.