

BELIMO AUTOMATION UK LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 1997**



BELIMO AUTOMATION UK LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**

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BELIMO AUTOMATION UK LIMITED

**COMPANY INFORMATION
AS AT 31 DECEMBER 1997**

DIRECTOR

C M Shepherd

SECRETARY

J E Rhodes

REGISTERED OFFICE

St Martins House
31-35 Clarendon House
Watford
Herts
WD1 1JA

REGISTERED NUMBER

1534607

BUSINESS ADDRESS

The Lion Centre
Hampton Road West
Feltham
Middx
TW13 6DS

AUDITORS

Hillier Hopkins
Chartered Accountants
St Martins House
31-35 Clarendon Road
Watford
Herts
WD1 1JA

BELIMO AUTOMATION UK LIMITED

DIRECTOR'S REPORT

The director presents his annual report with the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was the importation of electrical components for use in the heating and ventilation industry.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £223,695.

A review of the operations of the company during the financial year and the results of those operations are as follows:

The director considers the continued development of the company throughout the year and the state of the company's affairs at the balance sheet date to be satisfactory.

DIVIDENDS

The director has paid an interim dividend during the year amounting to £150,000.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 December 1997.

FUTURE DEVELOPMENTS

The likely developments in the operations of the company and the expected results of these operations in the financial years subsequent to the year ended 31 December 1997 are as follows:

The company will continue its current activities for the foreseeable future.

DIRECTOR AND HIS INTERESTS

The director in office in the year and his beneficial interest in the ultimate parent company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1997	1996
C M Shepherd	Ordinary shares	-	-

BELIMO AUTOMATION UK LIMITED

DIRECTOR'S REPORT

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements 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 or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

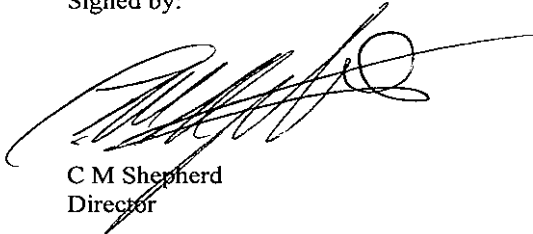
POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company did not make any political contributions nor any charitable contributions.

AUDITORS

The auditors, Hillier Hopkins, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed by:



C M Shepherd
Director

Approved by the director: 2nd February 1998

BELIMO AUTOMATION UK LIMITED

AUDITORS' REPORT

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

As described in the director's report, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, 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 considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hillier Hopkins

**HILLIER HOPKINS
CHARTERED ACCOUNTANTS
& Registered Auditor
St Martins House
31-35 Clarendon Road
Watford
Herts
WD1 1JA**

2 February 1998

BELIMO AUTOMATION UK LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £	1996 £
TURNOVER		4,746,985	4,934,403
Cost of sales		3,645,580	3,918,574
GROSS PROFIT		1,101,405	1,015,829
Distribution costs		177,779	173,423
Administrative expenses		593,787	588,822
OPERATING PROFIT	2	329,839	253,584
Other interest receivable and similar income	3	13,834	9,187
Interest payable and similar charges	4	(12,507)	(12,113)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		331,166	250,658
Tax on profit on ordinary activities	7	(107,471)	(75,167)
PROFIT FOR THE FINANCIAL YEAR		223,695	175,491
Dividends	8	(150,000)	(100,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	73,695	75,491

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

Historical cost

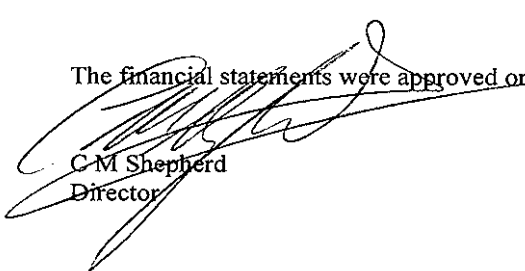
The difference between the results as disclosed in the profit and loss account before tax, and retained profit for the year, on an unmodified historical cost basis is not material.

The notes on pages 8 to 15 form part of these financial statements.

BELIMO AUTOMATION UK LIMITED**BALANCE SHEET
AT 31 DECEMBER 1997**

	Notes	1997	1996
		£	£
FIXED ASSETS			
Tangible assets	9	406,123	413,278
CURRENT ASSETS			
Stocks	10	300,845	372,952
Debtors	11	804,732	1,261,481
Cash at bank and in hand		387,521	92,798
		<u>1,493,098</u>	<u>1,727,231</u>
CREDITORS: amounts falling due within one year	12	(604,882)	(907,993)
NET CURRENT ASSETS		<u>888,216</u>	<u>819,238</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,294,339</u>	<u>1,232,516</u>
CREDITORS: amounts falling due after more than one year	13	(12,569)	(24,441)
NET ASSETS		<u>1,281,770</u>	<u>1,208,075</u>
CAPITAL & RESERVES			
Called up share capital	15	100	100
Profit and loss account	16	1,281,670	1,207,975
TOTAL SHAREHOLDERS' FUNDS	17	<u>1,281,770</u>	<u>1,208,075</u>

The financial statements were approved on 2nd February 1998 and signed by:


C M Shepherd
Director

BELIMO AUTOMATION UK LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £	1996 £
CASH FLOW FROM OPERATING ACTIVITIES	2	586,855	71,098
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	1,327	(2,926)
TAXATION	18	(91,792)	(48,458)
CAPITAL EXPENDITURE	18	(38,285)	(7,097)
EQUITY DIVIDENDS PAID		(150,000)	(100,000)
Cash inflow before use of liquid resources and financing		308,105	(87,383)
FINANCING	18	(13,382)	(23,763)
INCREASE IN CASH IN THE YEAR		294,723	(111,146)

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

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INCREASE IN CASH IN THE YEAR	294,723	(111,146)
Cash outflow from decrease in debt and lease financing	13,382	23,763
Change in net funds resulting from cash flows	308,105	(87,383)
New finance leases	-	(48,298)
Movement in net funds in the year	308,105	(135,681)
Net funds at 1 January 1997	41,755	177,436
Net funds at 31 December 1997	349,860	41,755

The notes on pages 8 to 15 form part of these financial statements.

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

1. STATEMENT OF ACCOUNTING POLICIES

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

Consolidation

The company forms part of a medium-sized group. The ultimate parent undertaking has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Freehold property	1.5% on cost
Motor vehicles	20% on cost
Furniture & Equipment	12.5% - 20% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

BELIMO AUTOMATION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****2. OPERATING PROFIT****Operating profit is stated:**

	1997	1996
	£	£
After charging:		
Depreciation of fixed assets	46,229	40,421
Auditors' remuneration	12,027	12,800

After crediting:

Profit on disposal of tangible assets	790	13,099
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**Reconciliation of operating profit to net
cash inflow from operating activities**

	1997	1996
	£	£
Operating profit	329,839	253,584
Depreciation	46,229	40,421
Profit on disposal of fixed assets	(790)	(13,099)
Decrease in stocks	72,107	83,601
Decrease in debtors	456,750	(184,515)
Decrease in creditors	(317,280)	(108,894)
Net cash inflow from operating activities	586,855	71,098

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1997	1996
	£	£
Interest received and receivable		
Bank interest	13,834	9,187

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
On amounts payable to group undertakings	4,707	12,113
Lease finance charges and hire purchase interest	7,800	-
	12,507	12,113

BELIMO AUTOMATION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****5. INFORMATION ON DIRECTOR AND EMPLOYEES**

	1997 £	1996 £
Staff costs		
Wages and salaries	412,785	480,208
Social security costs	45,131	44,697
Other pension costs	72,725	39,406
	<u>530,641</u>	<u>564,311</u>
	1997 No.	1996 No.
The average number of employees during the year was made up as follows:		
Sales	10	11
Administration	5	5
	<u>15</u>	<u>16</u>
	1997 £	1996 £
Director's emoluments		
Remuneration for management services	93,950	83,025
Pension contributions to money purchase schemes	56,300	22,036
	<u>150,250</u>	<u>105,061</u>

The number of directors for whom benefits are accruing under a money purchase scheme is 1.

6. PENSION COSTS**Defined contribution scheme**

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 payable by the company to the fund and amounted to £72,725 (1996:£39,406).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
The taxation charge comprises:		
UK Corporation tax at 31% (1996 - 33%)	<u>107,471</u>	<u>75,167</u>

BELIMO AUTOMATION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****8. DIVIDENDS PAID OR PROPOSED**

	1997 £	1996 £
On ordinary shares:		
Paid dividend of £1500 per ordinary share	150,000	100,000

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:				
At 1 January 1997	300,000	198,044	114,598	612,642
Additions	-	18,085	24,950	43,035
Disposals	-	-	(13,170)	(13,170)
At 31 December 1997	300,000	216,129	126,378	642,507
Depreciation:				
At 1 January 1997	10,500	162,274	26,590	199,364
Charge for year	4,500	12,854	28,876	46,230
On disposals	-	-	(9,210)	(9,210)
At 31 December 1997	15,000	175,128	46,256	236,384
Net book value:				
At 31 December 1997	285,000	41,001	80,122	406,123
At 31 December 1996	289,500	35,770	88,008	413,278

	1997 £	1996 £
Analysis of net book value of land and buildings:		
Freehold	285,000	289,500

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1997 £	1996 £
Net book values:		
Motor vehicles	72,660	86,040
Depreciation charge for the year:		
Motor vehicles	23,240	22,646

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

BELIMO AUTOMATION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****9. TANGIBLE FIXED ASSETS - (continued)**

The freehold property was valued by Fuller Moon & Fuller Chartered Surveyors on 10th January 1994. At 31st December 1997 the corresponding amount under the historical cost convention was £517,994.

10. STOCKS

	1997 £	1996 £
Finished goods and goods for resale	300,845	372,952

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

11. DEBTORS

	1997 £	1996 £
Trade debtors	795,302	1,244,809
Other debtors	584	4,902
Prepayments and accrued income	8,846	11,770
	<u>804,732</u>	<u>1,261,481</u>

12. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Net obligations under finance leases and hire purchase contracts	25,092	26,602
Trade creditors	50,053	37,880
Amounts owed to other group undertakings	324,517	621,458
Corporation tax	64,989	49,310
Other taxes and social security costs	38,348	55,752
Accruals and deferred income	101,883	116,991
	<u>604,882</u>	<u>907,993</u>

BELIMO AUTOMATION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****13. CREDITORS: amounts falling due after more than one year**

	1997 £	1996 £
Net obligations under finance leases and hire purchase contracts	12,569	24,441

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1997 £	1996 £
The company's net obligations under finance leases and hire purchase contracts are repayable as follows:		
Within one year or on demand	28,985	30,028
Between two and five years	14,692	30,627
	43,677	60,655
Finance charges and interest allocated to future accounting periods	(6,016)	(9,612)
	37,661	51,043
Included in current liabilities	25,092	26,602
	12,569	24,441

15. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Equity interests:		
100 Ordinary shares of £1	100	100
Allotted, called up and fully paid:		
Equity interests:		
100 Ordinary shares of £1	100	100

BELIMO AUTOMATION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****16. PROFIT AND LOSS ACCOUNT**

	1997 £	1996 £
Retained profit at 1 January 1997	1,207,975	1,132,485
Profit for the year	73,695	75,490
Retained profit at 31 December 1997	<u>1,281,670</u>	<u>1,207,975</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	223,695	175,490
Dividends	(150,000)	(100,000)
Net addition to shareholders' funds	73,695	75,490
Opening shareholders' funds	1,208,075	1,132,585
Closing shareholders' funds	<u>1,281,770</u>	<u>1,208,075</u>
Represented by:-		
Equity interests	<u>1,281,770</u>	<u>1,208,075</u>

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	13,834	9,187
Interest paid	(4,707)	(12,113)
Interest element of hire purchase contracts	(7,800)	-
Net cash inflow from returns on investments and servicing of finance	<u>1,327</u>	<u>(2,926)</u>
Taxation		
Corporation tax paid	<u>(91,792)</u>	<u>(48,458)</u>
Capital expenditure		
Purchase of tangible fixed assets	(43,035)	(34,197)
Receipts from sale of tangible fixed assets	4,750	27,100
Net cash outflow from capital expenditure	<u>(38,285)</u>	<u>(7,097)</u>

BELIMO AUTOMATION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - (continued)**

	1997 £	1996 £
Financing		
Repayments of capital element of hire purchase contracts	(13,382)	(23,763)
Net cash outflow from financing	<u>(13,382)</u>	<u>(23,763)</u>

19. ANALYSIS OF NET FUNDS

	1996 £	Cash flow £	1997 £
Cash at bank and in hand	92,798	294,723	387,521
Finance leases	(51,043)	13,382	(37,661)
	<u>41,755</u>	<u>308,105</u>	<u>349,860</u>

20. RELATED PARTY DISCLOSURES

During year ended 31st December 1997 the company made purchases from the holding company at market rates of £3,337,426.

The company made sales to group companies of £3,770.

At the balance sheet date the company owed the holding company £324,517.

21. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Belimo Automation AG a company incorporated in Switzerland.