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Company Registration No. 1534607 (England and Wales)

BELIMO AUTOMATION UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



BELIMO AUTOMATION UK LIMITED

COMPANY INFORMATION

Directors	C M Shepherd B Muller-Junker
Secretary	J E Rhodes
Company number	1534607
Registered office	St Martins House 31-35 Clarendon Road Watford Herts WD17 1JF
Auditors	Hillier Hopkins St Martins House 31-35 Clarendon Road Watford Herts WD17 1JF
Business address	The Lion Centre Hampton Road West Feltham Middx TW13 6DS TW13 6DS

BELIMO AUTOMATION UK LIMITED

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BELIMO AUTOMATION UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

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.

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.

Results and dividends

The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £380,000. The directors do not recommend payment of a final dividend.

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 2001 are as follows:

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

Directors

The following directors have held office since 1 January 2001:

C M Shepherd
B Muller-Junker

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2001	1 January 2001
C M Shepherd	-	-
B Muller-Junker	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Hillier Hopkins be reappointed as auditors of the company will be put to the Annual General Meeting.

BELIMO AUTOMATION UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

On behalf of the board



C M Shepherd

Director

..... 1st April 2002

BELIMO AUTOMATION UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BELIMO AUTOMATION UK LIMITED

We have audited the financial statements of BELIMO AUTOMATION UK LIMITED on pages 4 to 13 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 directors 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 that 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 the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hillier Hopkins

Chartered Accountants
Registered Auditor

10 April 2002

St Martins House
31-35 Clarendon Road
Watford
Herts
WD17 1JF

BELIMO AUTOMATION UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2	5,253,793	5,147,095
Cost of sales		(3,734,974)	(3,707,114)
Gross profit		1,518,819	1,439,981
Distribution costs		(149,445)	(129,697)
Administrative expenses		(833,968)	(731,452)
Operating profit	3	535,406	578,832
Other interest receivable and similar income		4,922	10,647
Interest payable and similar charges	4	(41,752)	(46,938)
Profit on ordinary activities before taxation		498,576	542,541
Tax on profit on ordinary activities	5	(162,278)	(166,012)
Profit on ordinary activities after taxation		336,298	376,529
Dividends	6	(380,000)	(400,000)
Retained loss for the year	14	(43,702)	(23,471)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BELIMO AUTOMATION UK LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2001**

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	7		324,885		357,130
Current assets					
Stocks	8	351,878		288,001	
Debtors	9	1,035,792		1,099,169	
Cash at bank and in hand		219,530		127,101	
		<u>1,607,200</u>		<u>1,514,271</u>	
Creditors: amounts falling due within one year	10	<u>(637,733)</u>		<u>(533,347)</u>	
Net current assets			<u>969,467</u>		<u>980,924</u>
Total assets less current liabilities			1,294,352		1,338,054
Creditors: amounts falling due after more than one year	11		<u>(700,000)</u>		<u>(700,000)</u>
			<u>594,352</u>		<u>638,054</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		594,252		637,954
Shareholders' funds - equity interests	15		<u>594,352</u>		<u>638,054</u>

The financial statements were approved by the Board on 9th April 2002



 C M Shepherd
 Director

BELIMO AUTOMATION UK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

	2001		2000	
	£	£	£	£
Net cash inflow from operating activities		738,623		592,949
Returns on investments and servicing of finance				
Interest received	4,922		10,647	
Interest paid	(41,752)		(46,938)	
Net cash outflow for returns on investments and servicing of finance		(36,830)		(36,291)
Taxation		(188,039)		(190,011)
Capital expenditure				
Payments to acquire tangible assets	(46,065)		(48,855)	
Receipts from sales of tangible assets	5,000		13,500	
Net cash outflow for capital expenditure		(41,065)		(35,355)
Equity dividends paid		(380,000)		(400,000)
Net cash inflow/(outflow) before management of liquid resources and financing		92,689		(68,708)
Financing				
Capital element of hire purchase contracts	(260)		(6,077)	
Net cash outflow from financing		(260)		(6,077)
Increase/(decrease) in cash in the year		92,429		(74,785)

BELIMO AUTOMATION UK LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

1 Reconciliation of operating profit to net cash inflow from operating activities		2001	2000
		£	£
Operating profit		535,406	578,832
Depreciation of tangible assets		78,310	72,101
Profit on disposal of tangible assets		(5,000)	(13,409)
(Increase)/decrease in stocks		(63,877)	143,085
Decrease in debtors		63,377	23,887
Increase/(decrease) in creditors within one year		130,407	(211,547)
Net cash inflow from operating activities		738,623	592,949

2 Analysis of net debt	1 January 2001	Cash flow	Other non-cash changes	31 December 2001
	£	£	£	£
Net cash:				
Cash at bank and in hand	127,101	92,429	-	219,530
Debt:				
Finance leases	(260)	260	-	-
Debts falling due after one year	(700,000)	-	-	(700,000)
Net debt	(573,159)	92,689	-	(480,470)

3 Reconciliation of net cash flow to movement in net debt	2001	2000
	£	£
Increase/(decrease) in cash in the year	92,429	(74,785)
Cash outflow from decrease in debt and lease financing	260	6,079
Movement in net debt in the year	92,689	(68,706)
Opening net debt	(573,159)	(504,453)
Closing net debt	(480,470)	(573,159)

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	6% on cost
Plant and machinery	12.5%-33% on cost
Fixtures, fittings & equipment	12.5%-33% on cost
Motor vehicles	33% on cost

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Stock

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

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

3	Operating profit	2001	2000
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	78,310	72,101
	Auditors' remuneration	14,394	15,680
	and after crediting:		
	Profit on disposal of tangible assets	(5,000)	(13,409)
		<u></u>	<u></u>
4	Interest payable	2001	2000
		£	£
	On amounts payable to group companies	35,145	38,500
	Hire purchase interest	-	805
	Other interest	6,607	7,633
		<u></u>	<u></u>
		41,752	46,938
		<u></u>	<u></u>
5	Taxation	2001	2000
		£	£
	Domestic current year tax		
	U.K. corporation tax	162,278	166,012
		<u></u>	<u></u>
	Current tax charge	162,278	166,012
		<u></u>	<u></u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	498,576	542,541
		<u></u>	<u></u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 31.00% (2000 : 30.00%)	154,559	162,762
	Effects of:		
		<u></u>	<u></u>
	Current tax charge	154,559	162,762
		<u></u>	<u></u>
	Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database.	7,719	3,250
		<u></u>	<u></u>
6	Dividends	2001	2000
		£	£
	Ordinary interim paid	380,000	400,000
		<u></u>	<u></u>

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2001	300,000	124,098	161,916	109,855	695,869
Additions	-	-	-	46,065	46,065
Disposals	-	-	-	(27,980)	(27,980)
At 31 December 2001	300,000	124,098	161,916	127,940	713,954
Depreciation					
At 1 January 2001	41,250	113,754	131,445	52,290	338,739
On disposals	-	-	-	(27,980)	(27,980)
Charge for the year	18,000	8,462	12,049	39,799	78,310
At 31 December 2001	59,250	122,216	143,494	64,109	389,069
Net book value					
At 31 December 2001	240,750	1,882	18,422	63,831	324,885
At 31 December 2000	258,750	10,344	30,471	57,565	357,130

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

	Motor vehicles £
Net book values	
At 31 December 2001	-
At 31 December 2000	613
Depreciation charge for the year	
31 December 2001	-
31 December 2000	5,527

8 Stocks	2001 £	2000 £
Finished goods and goods for resale	351,878	288,001

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

9 Debtors	2001	2000
	£	£
Trade debtors	1,011,920	1,075,043
Prepayments and accrued income	23,872	24,126
	<u>1,035,792</u>	<u>1,099,169</u>
 10 Creditors: amounts falling due within one year	 2001	 2000
	£	£
Net obligations under hire purchase contracts	-	260
Trade creditors	27,876	4,870
Amounts owed to parent and fellow subsidiary undertakings	416,848	295,526
Corporation tax	53,660	79,421
Other taxes and social security costs	93,482	111,081
Other creditors	1,196	419
Accruals and deferred income	44,671	41,770
	<u>637,733</u>	<u>533,347</u>
 Net obligations under hire purchase contracts		
Repayable within one year	-	490
Finance charges and interest allocated to future accounting periods	-	(230)
	<u>-</u>	<u>260</u>
 11 Creditors: amounts falling due after more than one year	 2001	 2000
	£	£
Loans from group undertakings	700,000	700,000
	<u>700,000</u>	<u>700,000</u>
Finance charges and interest allocated to future accounting periods	-	(230)
 12 Pension costs		
Defined contribution		
	2001	2000
	£	£
Contributions payable by the company for the year	41,553	36,845
	<u>41,553</u>	<u>36,845</u>

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

13 Share capital	2001	2000
	£	£
Authorised		
100 Ordinary shares of £ 1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100
	<u> </u>	<u> </u>
14 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2001		637,954
Retained loss for the year		(43,702)
		<u> </u>
Balance at 31 December 2001		594,252
		<u> </u>
15 Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the financial year	336,298	376,529
Dividends	(380,000)	(400,000)
	<u> </u>	<u> </u>
Net depletion in shareholders' funds	(43,702)	(23,471)
Opening shareholders' funds	638,054	661,525
	<u> </u>	<u> </u>
Closing shareholders' funds	594,352	638,054
	<u> </u>	<u> </u>
16 Directors' emoluments	2001	2000
	£	£
Emoluments for qualifying services	118,522	107,286
Company pension contributions to money purchase schemes	8,200	7,842
	<u> </u>	<u> </u>
	126,722	115,128
	<u> </u>	<u> </u>

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

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Sales	10	9
Administration	7	7
	<u>17</u>	<u>16</u>

Employment costs

	£	£
Wages and salaries	479,205	434,442
Social security costs	50,519	45,540
Other pension costs	41,553	36,845
	<u>571,277</u>	<u>516,827</u>

18 Control

The ultimate parent company is Belimo Automation AG, a company registered in Switzerland.

19 Related party transactions

During the year ended 31st December 2001 the company made purchases from group companies at market values of £3,667,918. At the balance sheet date the company owed £416,848 to group companies in respect of trading activities.

At the year end the company had a loan outstanding from its holding company of £700,000. Interest payable on the loan is 5% being £35,145 paid for the year to 31st December 2001. There is no requirement to repay the loan in the foreseeable future.