

Company Registration No. 1534607 (England and Wales)

BELIMO AUTOMATION UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



BELIMO AUTOMATION UK LIMITED

COMPANY INFORMATION

Directors	C M Shepherd B C Trutmann (Appointed 1 January 2003)
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

BELIMO AUTOMATION UK LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 13

BELIMO AUTOMATION UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

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

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 £310,000. 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 2002 are as follows:

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

Directors

The following directors have held office since 1 January 2002:

C M Shepherd	
B Muller-Junker	(Resigned 31 October 2002)
B C Trutmann	(Appointed 1 January 2003)

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2002	1 January 2002
C M Shepherd	-	-

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 2002

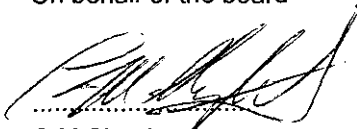
Directors' responsibilities

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
14/3/03
.....

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 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2002 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

17 March 2003

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 2002

	Notes	2002 £	2001 £
Turnover	2	5,565,957	5,253,793
Cost of sales		(4,065,984)	(3,734,974)
Gross profit		1,499,973	1,518,819
Distribution costs		(152,979)	(149,444)
Administrative expenses		(931,681)	(833,969)
Operating profit	3	415,313	535,406
Other interest receivable and similar income		3,882	4,922
Interest payable and similar charges	4	(44,910)	(41,752)
Profit on ordinary activities before taxation		374,285	498,576
Tax on profit on ordinary activities	5	(135,742)	(162,278)
Profit on ordinary activities after taxation		238,543	336,298
Dividends	6	(310,000)	(380,000)
Retained loss for the year	14	(71,457)	(43,702)

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

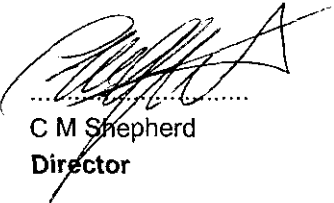
There are no recognised gains and losses other than those passing through the profit and loss account.

BELIMO AUTOMATION UK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	7		284,362		324,885
Current assets					
Stocks	8	356,345		351,878	
Debtors	9	841,269		1,035,792	
Cash at bank and in hand		412,687		219,530	
		1,610,301		1,607,200	
Creditors: amounts falling due within one year	10	(671,768)		(637,733)	
Net current assets			938,533		969,467
Total assets less current liabilities			1,222,895		1,294,352
Creditors: amounts falling due after more than one year	11		(700,000)		(700,000)
			522,895		594,352
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		522,795		594,252
Shareholders' funds - equity interests	15		522,895		594,352

The financial statements were approved by the Board on 4/3/03


C M Shepherd
Director

BELIMO AUTOMATION UK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
Net cash inflow from operating activities		658,871		738,623
Returns on investments and servicing of finance				
Interest received	3,882		4,922	
Interest paid	(44,910)		(41,752)	
Net cash outflow for returns on investments and servicing of finance		(41,028)		(36,830)
Taxation		(108,803)		(188,039)
Capital expenditure				
Payments to acquire tangible assets	(31,983)		(46,065)	
Receipts from sales of tangible assets	26,100		5,000	
Net cash outflow for capital expenditure		(5,883)		(41,065)
Equity dividends paid		(310,000)		(380,000)
Net cash inflow before management of liquid resources and financing		193,157		92,689
Financing				
Capital element of hire purchase contracts	-		(260)	
Net cash outflow from financing		-		(260)
Increase in cash in the year		193,157		92,429

BELIMO AUTOMATION UK LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

1	Reconciliation of operating profit to net cash inflow from operating activities	2002	2001
		£	£
	Operating profit	415,313	535,406
	Depreciation of tangible assets	64,590	78,310
	Profit on disposal of tangible assets	(18,184)	(5,000)
	Increase in stocks	(4,467)	(63,877)
	Decrease in debtors	201,157	63,377
	Increase in creditors within one year	462	130,407
	Net cash inflow from operating activities	658,871	738,623

2	Analysis of net debt	1 January 2002	Cash flow	Other non-cash changes	31 December 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	219,530	193,157	-	412,687
	Debt:				
	Debts falling due after one year	(700,000)	-	-	(700,000)
	Net debt	(480,470)	193,157	-	(287,313)

3	Reconciliation of net cash flow to movement in net debt	2002	2001
		£	£
	Increase in cash in the year	193,157	92,429
	Cash (inflow)/outflow from (increase)/decrease in debt	-	260
	Movement in net debt in the year	193,157	92,689
	Opening net debt	(480,470)	(573,159)
	Closing net debt	(287,313)	(480,470)

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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 Stock

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

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.6 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.

1.7 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.

3 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	64,590	78,310
Auditors' remuneration	15,665	14,394
and after crediting:		
Profit on disposal of tangible assets	(18,184)	(5,000)

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

4	Interest payable	2002	2001
		£	£
	On amounts payable to group companies	38,500	35,145
	Other interest	6,410	6,607
		<u>44,910</u>	<u>41,752</u>
5	Taxation	2002	2001
		£	£
	Domestic current year tax		
	U.K. corporation tax	113,758	162,278
	Adjustment for prior years	28,618	-
	Current tax charge	<u>142,376</u>	<u>162,278</u>
	Deferred tax		
	Deferred tax charge/credit current year	(6,634)	-
		<u>135,742</u>	<u>162,278</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>374,285</u>	<u>498,576</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%)	<u>112,286</u>	<u>149,573</u>
	Effects of:		
	Non deductible expenses	3,617	3,058
	Depreciation	13,922	21,992
	Capital allowances	(14,962)	(12,345)
	Adjustments to previous periods	28,618	-
	Other tax adjustments	(1,105)	-
		<u>30,090</u>	<u>12,705</u>
	Current tax charge	<u>142,376</u>	<u>162,278</u>
6	Dividends	2002	2001
		£	£
	Ordinary interim paid	<u>310,000</u>	<u>380,000</u>

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2002	300,000	123,472	161,768	127,939	713,179
Additions	-	14,702	-	17,281	31,983
Disposals	-	-	-	(81,876)	(81,876)
At 31 December 2002	300,000	138,174	161,768	63,344	663,286
Depreciation					
At 1 January 2002	59,250	122,216	142,719	64,109	388,294
On disposals	-	-	-	(73,960)	(73,960)
Charge for the year	18,000	3,154	6,835	36,601	64,590
At 31 December 2002	77,250	125,370	149,554	26,750	378,924
Net book value					
At 31 December 2002	222,750	12,804	12,214	36,594	284,362
At 31 December 2001	240,750	1,882	18,422	63,831	324,885

8 Stocks

	2002 £	2001 £
Finished goods and goods for resale	356,345	351,878

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

9 Debtors	2002 £	2001 £
Trade debtors	799,048	1,011,920
Other debtors	9,445	-
Prepayments and accrued income	26,142	23,872
Deferred tax asset	6,634	-
	<u>841,269</u>	<u>1,035,792</u>

Amounts falling due after more than one year and included in the debtors above are:

	2002 £	2001 £
Other debtors	<u>6,111</u>	<u>-</u>

10 Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	18,159	27,876
Amounts owed to parent and fellow subsidiary undertakings	433,456	416,848
Corporation tax	87,233	53,660
Other taxes and social security costs	107,452	93,482
Other creditors	1,040	1,196
Accruals and deferred income	24,428	44,671
	<u>671,768</u>	<u>637,733</u>

11 Creditors: amounts falling due after more than one year	2002 £	2001 £
Loans from group undertakings	<u>700,000</u>	<u>700,000</u>

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

12 Pension costs

Defined contribution

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.

	2002 £	2001 £
Contributions payable by the company for the year	44,091	41,553

13 Share capital

	2002 £	2001 £
Authorised		
100 Ordinary shares of £ 1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2002	594,252
Retained loss for the year	(71,457)
Balance at 31 December 2002	522,795

15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	238,543	336,298
Dividends	(310,000)	(380,000)
Net depletion in shareholders' funds	(71,457)	(43,702)
Opening shareholders' funds	594,352	638,054
Closing shareholders' funds	522,895	594,352

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

16 Directors' emoluments	2002 £	2001 £
Emoluments for qualifying services	139,847	118,522
Company pension contributions to money purchase schemes	8,262	8,200
	<u>148,109</u>	<u>126,722</u>

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

17 Employees

Number of employees

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

	2002 Number	2001 Number
Sales	10	10
Administration	7	7
	<u>17</u>	<u>17</u>

Employment costs

	£	£
Wages and salaries	513,526	479,205
Social security costs	54,947	50,519
Other pension costs	44,091	41,553
	<u>612,564</u>	<u>571,277</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 2002 the company made purchases from group companies at market values of £3,967,736 (2001:£3,667,918) and received commission amounting to £7,967 (2001: £nil). At the balance sheet date the company owed £433,456 (2001:£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 5.5% being £38,500 paid for the year to 31st December 2002. There is no requirement to repay the loan in the foreseeable future.