

Company Registration No. 1534607 (England and Wales)

BELIMO AUTOMATION UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



BELIMO AUTOMATION UK LIMITED

COMPANY INFORMATION

Directors	C M Shepherd B C Trutmann
Secretary	J E Rhodes
Company number	1534607
Registered office	St Martins House 31-35 Clarendon Road Watford Herts WD17 1JF
Auditors	Hillier Hopkins LLP St Martins House 31-35 Clarendon Road Watford Hertfordshire WD17 1JF
Business address	Unit 10 Shepperton Business Park Govett Avenue Shepperton Middlesex TW17 6BA

BELIMO AUTOMATION UK LIMITED

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BELIMO AUTOMATION UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

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 £260,000. 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 2003 are as follows:

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

Directors

The following directors have held office since 1 January 2003:

C M Shepherd
B C Trutmann

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
C M Shepherd	-	-
B C Trutmann	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Hillier Hopkins LLP 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 2003

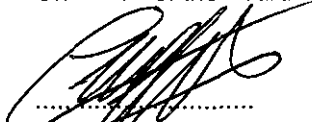
Directors' responsibilities

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
12/12/04
.....

BELIMO AUTOMATION UK LIMITED

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

We have audited the financial statements of Belimo Automation UK Limited on pages 4 to 15 for the year ended 31 December 2003. 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Hillier Hopkins LLP
Chartered Accountants
Registered Auditor

14 July 2004
St Martins House
31-35 Clarendon Road
Watford
Hertfordshire
WD17 1JF

BELIMO AUTOMATION UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	5,270,766	5,565,957
Cost of sales		(3,531,352)	(4,065,984)
Gross profit		1,739,414	1,499,973
Distribution costs		(173,849)	(152,979)
Administrative expenses		(994,136)	(931,680)
Operating profit	3	571,429	415,314
Other interest receivable and similar income	4	9,225	3,882
Interest payable and similar charges	5	(39,304)	(44,910)
Profit on ordinary activities before taxation		541,350	374,286
Tax on profit on ordinary activities	6	(161,503)	(135,742)
Profit on ordinary activities after taxation		379,847	238,544
Dividends	7	(260,000)	(310,000)
Retained profit/(loss) for the year	16	119,847	(71,456)

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 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	8		342,752		284,362
Current assets					
Stocks	9	406,905		356,345	
Debtors	10	913,090		841,269	
Cash at bank and in hand		394,659		412,687	
		<u>1,714,654</u>		<u>1,610,301</u>	
Creditors: amounts falling due within one year	11	<u>(714,663)</u>		<u>(671,767)</u>	
Net current assets			<u>999,991</u>		<u>938,534</u>
Total assets less current liabilities			<u>1,342,743</u>		<u>1,222,896</u>
Creditors: amounts falling due after more than one year	12		<u>(700,000)</u>		<u>(700,000)</u>
			<u>642,743</u>		<u>522,896</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account	16		642,643		522,796
Shareholders' funds - equity interests	17		<u>642,743</u>		<u>522,896</u>

The financial statements were approved by the Board on 12/7/04


C M Shepherd
Director

BELIMO AUTOMATION UK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	£	2003 £	£	2002 £
Net cash inflow from operating activities		535,567		658,872
Returns on investments and servicing of finance				
Interest received	9,225		3,882	
Interest paid	(39,304)		(44,910)	
Net cash outflow for returns on investments and servicing of finance		(30,079)		(41,028)
Taxation		(164,454)		(108,804)
Capital expenditure				
Payments to acquire tangible assets	(111,282)		(31,983)	
Receipts from sales of tangible assets	12,220		26,100	
Net cash outflow for capital expenditure		(99,062)		(5,883)
Equity dividends paid		(260,000)		(310,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(18,028)		193,157
(Decrease)/increase in cash in the year		(18,028)		193,157

BELIMO AUTOMATION UK LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities		2003	2002
			£	£
	Operating profit		571,429	415,314
	Depreciation of tangible assets		42,187	64,590
	Profit on disposal of tangible assets		(1,515)	(18,184)
	Increase in stocks		(50,560)	(4,467)
	(Increase)/decrease in debtors		(71,821)	201,157
	Increase in creditors within one year		45,847	462
	Net cash inflow from operating activities		535,567	658,872

2	Analysis of net debt	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	412,687	(18,028)	-	394,659
	Debt:				
	Debts falling due after one year	(700,000)	-	-	(700,000)
	Net debt	(287,313)	(18,028)	-	(305,341)

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	(Decrease)/increase in cash in the year	(18,028)	193,157
	Movement in net debt in the year	(18,028)	193,157
	Opening net debt	(287,313)	(480,470)
	Closing net debt	(305,341)	(287,313)

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 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
Land and buildings Leasehold	over the term of the lease
Plant and machinery	12.5%-33% on cost
Fixtures, fittings & equipment	12.5%-33% on cost
Motor vehicles	33% on cost

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

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

1.7 Pensions

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

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 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 2003

3	Operating profit	2003	2002
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	42,187	64,590
	Loss on disposal of tangible assets	574	-
	Operating lease rentals	6,712	-
	Auditors' remuneration	15,740	15,665
	and after crediting:		
	Profit on disposal of tangible assets	(2,089)	(18,184)
		<u> </u>	<u> </u>
4	Investment income	2003	2002
		£	£
	Bank interest	8,986	-
	Other interest	239	-
		<u> </u>	<u> </u>
		9,225	3,882
		<u> </u>	<u> </u>
5	Interest payable	2003	2002
		£	£
	On amounts payable to group companies	38,500	38,500
	Other interest	804	6,410
		<u> </u>	<u> </u>
		39,304	44,910
		<u> </u>	<u> </u>

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

6	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	161,503	113,758
	Adjustment for prior years	-	28,618
	Current tax charge	161,503	142,376
	Deferred tax		
	Deferred tax charge/credit current year	-	(6,634)
		161,503	135,742
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	541,350	374,286
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	162,405	112,286
	Effects of:		
	Non deductible expenses	4,845	3,617
	Depreciation add back	12,656	13,922
	Capital allowances	(12,731)	(14,962)
	Adjustments to previous periods	-	28,618
	Other tax adjustments	(5,672)	(1,105)
		(902)	30,090
	Current tax charge	161,503	142,376
7	Dividends	2003 £	2002 £
	Ordinary interim paid	260,000	310,000

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

8 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2003	300,000	-	138,174	161,768	63,344	663,286
Additions	-	111,282	-	-	-	111,282
Disposals	-	-	-	(5,642)	(29,430)	(35,072)
At 31 December 2003	300,000	111,282	138,174	156,126	33,914	739,496
Depreciation						
At 1 January 2003	77,250	-	125,370	149,554	26,750	378,924
On disposals	-	-	-	(5,068)	(19,299)	(24,367)
Charge for the year	18,000	-	5,319	2,947	15,921	42,187
At 31 December 2003	95,250	-	130,689	147,433	23,372	396,744
Net book value						
At 31 December 2003	204,750	111,282	7,485	8,693	10,542	342,752
At 31 December 2002	222,750	-	12,804	12,214	36,594	284,362

9 Stocks

	2003 £	2002 £
Finished goods and goods for resale	406,905	356,345

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

10 Debtors	2003 £	2002 £
Trade debtors	861,679	799,048
Amounts owed by parent and fellow subsidiary undertakings	4,171	-
Other debtors	16,019	9,445
Prepayments and accrued income	24,587	26,142
Deferred tax asset (see note 13)	6,634	6,634
	<u>913,090</u>	<u>841,269</u>

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

	2003 £	2002 £
Other debtors	<u>7,083</u>	<u>6,111</u>

11 Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	67,133	18,159
Amounts owed to parent and fellow subsidiary undertakings	390,753	433,456
Corporation tax	84,281	87,232
Other taxes and social security costs	107,845	107,452
Other creditors	-	1,040
Accruals and deferred income	64,651	24,428
	<u>714,663</u>	<u>671,767</u>

12 Creditors: amounts falling due after more than one year	2003 £	2002 £
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 2003

13 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 10) is made up as follows:

	2003 £	
Balance at 1 January 2003 & at 31 December 2003	(6,634)	
	2003 £	2002 £
Accelerated capital allowances	(6,634)	(6,634)

14 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.

	2003 £	2002 £
Contributions payable by the company for the year	41,944	44,091

15 Share capital

	2003 £	2002 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

BELIMO AUTOMATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2003	522,796
Retained profit for the year	119,847
Balance at 31 December 2003	<u>642,643</u>

17 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	379,847	238,544
Dividends	(260,000)	(310,000)
Net addition to/(depletion in) shareholders' funds	<u>119,847</u>	<u>(71,456)</u>
Opening shareholders' funds	522,896	594,352
Closing shareholders' funds	<u>642,743</u>	<u>522,896</u>

18 Financial commitments

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

	Land and buildings 2003 £	2002 £
Expiry date:		
In over five years	<u>50,000</u>	<u>-</u>

19 Directors' emoluments

	2003 £	2002 £
Emoluments for qualifying services	134,822	139,847
Company pension contributions to money purchase schemes	8,576	8,262
	<u>143,398</u>	<u>148,109</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 2003

20 Employees

Number of employees

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

	2003 Number	2002 Number
Sales	11	10
Administration	7	7
	<u>18</u>	<u>17</u>

Employment costs

	£	£
Wages and salaries	523,826	513,526
Social security costs	65,694	54,947
Other pension costs	41,944	44,091
	<u>631,464</u>	<u>612,564</u>

21 Control

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

22 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 2003. There is no requirement to repay the loan in the foreseeable future.

During the year the company also obtained services from Synergistic Solutions Limited, a company in which the son of director Colin Shepherd has a controlling interest, to the value of £31,256 (2002: £nil).