

Belimo Automation UK Limited

**Directors' report and financial
statements**

Registered number 1534607

31 December 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

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

Business review

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

The directors consider 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.

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 2004 are that the company will continue its current activities for the foreseeable future.

Market value of land and property

The estimated market value of the land and property included within these financial statements is £400,000.

Proposed dividend

The directors recommend that a final dividend of £50,000 be paid for the year (2003: £300,000 (restated following the identification of a fundamental error – see note 1))

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows:

C M Shepherd
B C Trutmann

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of any group company.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £600.

Auditors

On 15 July 2004 Hillier Hopkins LLP resigned as auditors of the company and the directors appointed KPMG LLP to fill the casual vacancy arising. A resolution re-appointing KPMG LLP as auditors for the ensuing year will be placed before the annual general meeting. Special notice has been received for this resolution pursuant to section 388 of the Companies Act 1985.

By order of the board


C M Shepherd
Director

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

23 August 2005

Statement of 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Belimo Automation UK Limited

We have audited the financial statements on pages 5 to 14.

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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

28 August 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	2004 £000	2003 (restated – see Note 1) £000
Turnover	2	5,432	5,271
Cost of sales		(4,317)	(3,531)
Gross profit		1,115	1,740
Distribution costs		(170)	(174)
Administrative expenses		(920)	(994)
Operating profit		25	572
Other interest receivable and similar income	6	13	9
Interest payable and similar charges	7	(42)	(39)
(Loss)/Profit on ordinary activities before taxation	3	(4)	542
Tax on (loss)/profit on ordinary activities	8	(28)	(162)
(Loss)/Profit on ordinary activities after taxation		(32)	380
Dividends	1,9	(50)	(300)
Retained (loss)/profit for the year		(82)	80

There are no recognised gains and losses in the current and preceding financial year other than those reflected above and no separate statement of total recognised gains and losses has been presented.

All amounts relating to the current and preceding financial year are classified as continuing operations.

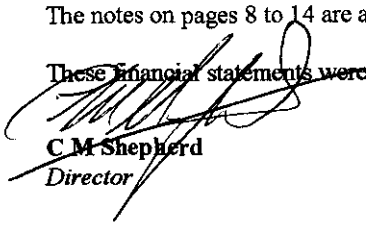
The notes on pages 8 to 14 are an integral part of these financial statements.

Balance sheet
 at 31 December 2004

	Note	2004 £000	2003 (restated – see Note 1) £000
Fixed assets			
Tangible assets	10	298	343
Current assets			
Stocks	11	510	407
Debtors	12	951	913
Cash at bank and in hand		235	395
		1,696	1,715
Creditors: amounts falling due within one year	13	(1,022)	(1,015)
Net current assets		674	700
Total assets less current liabilities		972	1,043
Creditors: amounts falling due after more than one year	14	(709)	(700)
Provisions for liabilities and charges	15	(2)	-
Net assets		261	343
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account		261	343
Shareholders' funds (all equity)		261	343

The notes on pages 8 to 14 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 23/5/05 and were signed on its behalf by:


 C M Shepherd
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2004

	2004 £000	2003 £000
(Loss)/Profit for the financial year	(32)	380
Dividends (as restated for 2003)	(50)	(300)
Net (reduction) in/ addition to shareholders' funds	(82)	80
Opening shareholders' funds		
- as previously reported	643	523
- prior year adjustment (see Note 1)	(300)	(260)
- as restated	343	263
Closing shareholders' funds (as restated for 2003)	261	343

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Belimo Holding AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Belimo Holding AG, within which this company is included, can be obtained from the address given in note 19.

Prior year adjustment

In the current year, it was identified that the dividend proposed and paid for financial years ended 31 December 2002 and 31 December 2003 amounting to £260,000 and £300,000 respectively were not accrued in the balance sheets at those dates as is required by SSAP 17 and the Companies Act 1985. The prior year has been restated to reflect the correct accounting treatment. This restatement resulted in a decrease in the retained profit for the year ended 31 December 2003 of £40,000 and a decrease in net assets at 31 December 2003 of £300,000. Retained profit for the year ended 31 December 2004 and net assets at that date are not affected.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land and buildings	-	6% per annum
Leasehold improvements	-	over the life of lease
Plant and machinery	-	12.5 – 33% per annum
Fixtures, fittings & equipment	-	12.5 – 33% per annum
Motor vehicles	-	33% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The pension costs charged to the profit and loss account represent the contributions payable to the scheme in respect of the accounting period in accordance with FRS 17.

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Turnover

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

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 (Loss)/Profit on ordinary activities before taxation

	2004 £000	2003 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	14	16
Depreciation		
- current year charges	47	42
- charge in respect of prior years	17	-
Loss on disposal of tangible fixed assets	-	1
Hire of other assets - operating leases	37	7
<i>after crediting</i>		
Profit on disposal of tangible fixed assets	(5)	(2)

The prior year comparatives have not been restated in respect of the element of the 2004 depreciation charge which relates to prior years as it does not represent a fundamental error in previous years' financial statements.

4 Remuneration of directors

	2004 £000	2003 £000
Directors' emoluments:		
Salaries	141	135
Pension contributions	9	8
	<u>150</u>	<u>143</u>

One director is a member of a defined contribution pension scheme.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2004	2003
Sales	9	11
Administration	8	7
	17	18

The aggregate payroll costs of those persons were as follows:

	2004	2003
	£000	£000
Wages and salaries	540	524
Social security costs	66	65
Other pension costs	40	42
	646	631

6 Other interest receivable and similar income

	2004	2003
	£000	£000
Bank interest	7	9
Other interest	6	-
	13	9

7 Interest payable and similar charges

	2004	2003
	£000	£000
Intercompany loan	35	38
Other interest	7	1
	42	39

Notes (continued)

8 Taxation

Analysis of charge in period

	2004 £000	2003 £000
UK corporation tax		
Current tax on income for the period	23	162
Adjustments in respect of prior periods	(4)	-
Current tax charge	<u>19</u>	<u>162</u>
Deferred tax		
Deferred tax charge current year	9	-
Tax on profit on ordinary activities	<u>28</u>	<u>162</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2003: same) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below.

	2004 £000	2003 £000
Current tax reconciliation		
(Loss)/Profit on ordinary activities before tax	(4)	542
Current tax at 30% (2003: 30%)	<u>(1)</u>	<u>162</u>
Effects of:		
Expenses not deductible for tax purposes	18	5
Depreciation in excess of capital allowances	6	-
Adjustments to tax charge in respect of previous periods	(4)	-
Other adjustments	-	(5)
Total current tax charge (see above)	<u>19</u>	<u>162</u>

9 Dividends

	2004 £000	2003 (restated – see Note 1) £000
Final dividend proposed	<u>50</u>	<u>300</u>

Notes (continued)

10 Tangible fixed assets

	Freehold land and buildings £000	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost						
At beginning of year	300	111	138	156	34	739
Additions	-	-	2	-	17	19
Disposals	-	-	-	-	(17)	(17)
At end of year	300	111	140	156	34	741
Depreciation						
At beginning of year	95	-	131	147	23	396
Charge for year	35	12	6	3	8	64
On disposals	-	-	-	-	(17)	(17)
At end of year	130	12	137	150	14	443
Net book value						
At 31 December 2004	170	99	3	6	20	298
At 31 December 2003	205	111	7	9	11	343

11 Stocks

	2004 £000	2003 £000
Finished goods and goods for resale	510	407

12 Debtors

	2004 £000	2003 £000
Trade debtors	903	862
Amounts owed by group undertakings	-	4
Other debtors	8	16
Net deferred tax asset (see note 15)	-	7
Prepayments and accrued income	40	24
	951	913

Other debtors include Nil (2003: £7,083) due after more than one year.

Notes (continued)

13 Creditors: amounts falling due within one year

	2004	2003 (restated – see Note 1)
	£000	£000
Trade creditors	39	67
Amounts owed to group undertakings	759	391
Corporation tax	15	84
Other taxes and social security	131	108
Accruals and deferred income	28	65
Proposed dividend	50	300
	1,022	1,015

14 Creditors: amounts falling due after more than one year

	2004	2003
	£000	£000
Loans from group undertakings	709	700

15 Provisions for liabilities and charges

The amounts provided for deferred taxation (for 2003 included in debtors, note 12) is set out below:

	2004	2003
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	2	(7)

16 Called up share capital

	2004	2003
	£	£
<i>Authorised</i>		
Equity: 100 Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Equity: 100 Ordinary shares of £1 each	100	100

Notes (continued)

17 Commitments

- a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2004 £000	2003 £000
Contracted	-	-

- (b) Annual commitments under non-cancellable operating leases are as follows:

	2004 Land and buildings £000	2003 Land and buildings £000
Operating leases which expire:		
Within one year	50	-
In the second to fifth years inclusive	139	-
Over five years	-	50
	<u>189</u>	<u>50</u>

18 Pension 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 for the period represents contributions payable by the company to the scheme and amounted to £40,274 (2003: £41,944).

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Belimo Holding AG which is the immediate and ultimate parent company, a company incorporated in Switzerland. The consolidated accounts of this company are available to the public and may be obtained from Brunnenbachstrasse 1, CH - 8340 Hinwil, Switzerland.

20 Related party transactions

During the year ended 31 December 2003, the company obtained services from Synergistic Solutions Limited, a company in which the son of director Colin Shepherd has a controlling interest, to value of £31,256.