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Registrar's Copy

Company No. 3346356

BRYAN DONKIN VALVES LIMITED

Abbreviated Accounts

Year ended 30 September 1998

PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS
Pannell House
159 Charles Street
LEICESTER LE1 1LD



**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

BRYAN DONKIN VALVES LIMITED
ABBREVIATED ACCOUNTS
PERIOD ENDED 30 SEPTEMBER 1998

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DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the period ended 30 September 1998.

1 RESULTS

The profit on ordinary activities after tax for the period amounted to £442,164.

The directors do not recommend payment of a dividend.

2 REVIEW OF THE BUSINESS

The company was incorporated on 7 April 1997 and commenced trading on 2 June 1997.

The principal activity during the period was the manufacture of gas valves.

The directors consider that the result for the period and the company's financial position at 30 September 1998 are both satisfactory.

The outlook for the current year remains encouraging.

3 DIRECTORS

The directors at the end of the period, none of whom had any interest in other group undertakings incorporated in Great Britain were as follows:

N A Kjaer (Appointed 8 May 1997)
V Hojberg (Appointed 8 May 1997)
K Pederson (Appointed 8 May 1997)
G M Carson (Appointed 8 May 1997)
B J Sims (Appointed 8 May 1997)
E Finch (Appointed 29 May 1997)

As the company is the wholly owned subsidiary of a body corporate incorporated outside Great Britain it is exempt from the requirement to disclose the interests of the directors in group companies incorporated outside Great Britain.

4 YEAR 2000

The directors have assessed the risks and uncertainties associated with the Year 2000 and completed the majority of the changes to make the company's computer systems Year 2000 compliant. The cost of compliance is not expected to be material in the context of other normal operating costs.

DIRECTORS' REPORT - CONTINUED

5 FIXED ASSETS

Details of tangible fixed assets are shown in note 7 to the financial statements.

6 AUDITORS

A resolution to appoint the auditors, Pannell Kerr Forster, Chartered Accountants will be proposed at the Annual General Meeting.

By order of the board

B J Sims

Company Secretary

3 March 1999

A handwritten signature in black ink, appearing to read 'B J Sims', is written over a horizontal line.

AUDITORS' REPORT TO BRYAN DONKIN VALVES LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 12 together with the full financial statements of Bryan Donkin Valves Limited for the period ended 30 September 1998 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as whether the company is entitled to deliver abbreviated accounts prepared in accordance with the Act to the registrar and whether the abbreviated accounts are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 12 have been properly prepared in accordance with that provision.


PANNELL KERR FORSTER

Chartered Accountants

Registered Auditors

Leicester

3 March 1999

BRYAN DONKIN VALVES LIMITED
 ABBREVIATED PROFIT AND LOSS ACCOUNT
 PERIOD ENDED 30 SEPTEMBER 1998

	<u>Note</u>	£	£
GROSS PROFIT			2,573,664
Administrative costs			<u>1,761,164</u>
OPERATING PROFIT			812,500
Interest receivable			<u>22,252</u>
			834,752
Interest payable and similar charges	4		<u>(193,332)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		641,420
TAX ON PROFIT ON ORDINARY ACTIVITIES	6		<u>(199,256)</u>
RETAINED PROFIT FOR THE PERIOD			<u><u>442,164</u></u>

All amounts relate to operations which commenced during the period.

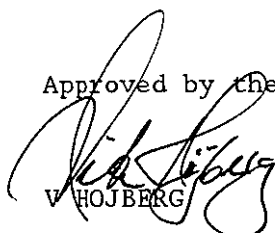
The company has no recognised gains or losses other than the profit for the period.

BALANCE SHEET

30 SEPTEMBER 1998

	<u>Note</u>	£	£
FIXED ASSETS			
Tangible assets	7		691,809
CURRENT ASSETS			
Stock	8	649,834	
Debtors	9	866,345	
Cash at bank and in hand		309,805	
		<u>1,825,984</u>	
CREDITORS - Amounts falling due within one year	10	<u>1,337,761</u>	
NET CURRENT ASSETS			<u>488,223</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,180,032
CREDITORS - Amounts falling due after more than one year	10	700,000	
PROVISION FOR LIABILITIES AND CHARGES - Deferred taxation	11	<u>37,866</u>	<u>737,866</u>
NET ASSETS			<u>442,166</u>
CAPITAL AND RESERVES			
Called up share capital	12		2
Profit and loss account			<u>442,164</u>
EQUITY SHAREHOLDERS' FUNDS	13		<u>442,166</u>

Approved by the board on 3 March 1999



Director

1 ACCOUNTING POLICIES

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

The principal accounting policies adopted in their preparation are as follows:

1.1 Tangible fixed assets and depreciation

Tangible fixed assets are depreciated by equal annual instalments over the anticipated useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and machinery	5-10 years
Motor vehicles	5 years
Office and computer equipment	5 years

1.2 Stock

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

Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

1.3 Deferred taxation

Provision is only made for deferred taxation to the extent that it is probable that an actual liability will crystallise. The provision is calculated at the rate of corporation tax which it is anticipated will apply when the tax becomes payable.

1.4 Hire purchase, finance and operating lease agreements

Assets acquired under hire purchase or finance leases are treated as tangible fixed assets and depreciation is provided accordingly. The fair value of the assets is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Rentals under operating leases are charged to revenue on a straight line basis over the term of the lease agreements.

1.5 Research and development

All expenditure incurred by research and development is charged to revenue as it falls due.

2 STAFF COSTS AND NUMBERS

	£
Wages and salaries	1,815,929
Social security costs	178,049
Other pension costs	74,585
	<u>2,068,563</u>

The average number of employees of the company during the period was as follows:

	<u>Number</u>
Production	57
Administration	7
Technical	15
	<u>79</u>

3 RESULTS

Profit on ordinary activities before taxation is stated after charging:

	£
Auditors' remuneration	6,750
Depreciation of tangible fixed assets	102,027
Operating lease charges - Plant and machinery	25,147
Land and buildings	89,200
	<u>168,399</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

On bank loans and overdrafts	168,399
To group undertakings	24,933
	<u>193,332</u>

5 DIRECTORS' REMUNERATION

	£
Aggregate emoluments	62,195
Company pension contributions to money purchase schemes	<u>2,766</u>

The number of directors accruing benefits under a money purchase scheme was one.

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	£
Corporation tax on the profit for the period at 31%	161,390
Deferred taxation	<u>37,866</u>
	<u>199,256</u>

7 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Office & computer equipment £	Total £
Cost				
Additions	669,401	33,108	91,327	793,836
At 30 September 1998	<u>669,401</u>	<u>33,108</u>	<u>91,327</u>	<u>793,836</u>
Depreciation				
Charge for the period	93,241	3,300	5,486	102,027
At 30 September 1998	<u>93,241</u>	<u>3,300</u>	<u>5,486</u>	<u>102,027</u>
Net book amount				
At 30 September 1998	<u>576,160</u>	<u>29,808</u>	<u>85,841</u>	<u>691,809</u>

The net book value of motor vehicles subject to finance lease agreements was £7,764. The depreciation for the year thereon amounted to £864.

8 STOCK

	£
Raw materials	600,844
Work in progress	33,189
Finished goods	15,801
	<u>649,834</u>

9 DEBTORS

All due within one year.

Trade debtors	827,109
Amounts due from group undertakings	9,226
Prepayments	<u>30,010</u>
	<u>866,345</u>

10 CREDITORS

Amounts falling due within one year:	£
Bank loans	600,000
Trade creditors	311,831
Amounts owed to group undertakings	20,091
Corporation tax	161,390
Hire purchase obligations	3,465
Social security and other taxes	118,055
Accruals and deferred income	122,929
	<u>1,337,761</u>

Amounts falling due after more than one year:

Bank loans	<u>700,000</u>
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The bank loans are guaranteed by the ultimate holding company.

The bank loans, which will be fully repaid by 31 July 2006, attract interest at variable rates and are repayable as follows:

	£
Within one year	600,000
Between one and two years	100,000
Between two and five years	300,000
After five years	<u>300,000</u>

The hire purchase obligations are secured on motor vehicles.

11 DEFERRED TAXATION

Charge to profit and loss account	<u>37,866</u>
At 30 September 1998	<u>37,866</u>

The full potential liability to deferred taxation calculated at 31% comprises:

	£
Accelerated capital allowances	<u>37,866</u>

12 SHARE CAPITAL

	<u>Authorised</u> £	<u>Allotted and fully paid</u> £
Ordinary shares of £1 each	1,000	2

On 7 April 1997 2 ordinary shares were issued at par to form the initial capital base of the company.

13 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	£
Issue of share capital	2
Profit for the period	442,164
At 30 September 1998	<u>442,166</u>

14 PENSION CONTRIBUTIONS

The company contributes to individual personal money purchase pension schemes.

The contributions made to the Scheme during the year is shown in note 2 to the financial statements.

15 RELATED PARTY TRANSACTIONS

G. M. Carson is a director and major shareholder of Aqua-Gas (Valves and Fittings) Limited. N. A. Kjaer is also a director of this company. Bryan Donkin Valves Limited undertook the following transactions with this company during the year:

	£
Sales	<u>7,531,956</u>

At the year end, £817,555 was receivable and £338 was payable to this company.

All transactions were made on terms negotiated between B. J. Sims as a director of Bryan Donkin Valves Limited and G. M. Carson as a director of Aqua-Gas (Valves and Fittings) Limited.

15 RELATED PARTY TRANSACTIONS - CONTINUED

As Bryan Donkin Valves Limited is wholly owned by Aage V Kjaers Maskinfabrik A/S and the consolidated accounts are publicly available in Denmark, advantage has been taken of the exemption offered by Financial Reporting Standard 8 from the requirement to disclose transactions with other group companies.

The consolidated accounts are available at the following address:

Erhvervs - og Selskabsstyrelsen
Kampmannsgade 1
1780 Kobenhavn V
Denmark

16 CONTROLLING PARTY AND ULTIMATE CONTROLLING PARTY

The controlling party is Aage V Kjaers Maskinfabrik A/S, which is registered in Denmark.

The ultimate controlling party is N.A. Kjaer who owns the majority of the shares in Aage V Kjaers Maskinfabrik A/S.