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REGISTERED NUMBER: 3174398 (England and Wales)

Black Automatic Controls Limited
Report of the Directors and
Unaudited Financial Statements
for the year ended 31 December 2007

Pinfields
Chartered Accountants
10 Hagley Road
Stourbridge
West Midlands
DY8 1PS



Black Automatic Controls Limited

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for the year ended 31 December 2007**

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Black Automatic Controls Limited

**Company Information
for the year ended 31 December 2007**

DIRECTORS:

D G Martin
J van Kouterik
J D Cawte

SECRETARY:

J van Kouterik

REGISTERED OFFICE:

Colmworth Business Park
Eaton Socon
Cambridgeshire
PE19 8YX

REGISTERED NUMBER:

3174398 (England and Wales)

Black Automatic Controls Limited

**Report of the Directors
for the year ended 31 December 2007**

The directors present their report with the financial statements of the company for the year ended 31 December 2007.

DIRECTORS

The directors set out in the table below have held office during the whole period from 1st January 2007 to the date of this report and their interests in this company are stated below

	Class of share	2007	2006
D G Martin	Ordinary shares	-	-
J van Kouterik	Ordinary shares	-	-
J D Cawte	Ordinary shares	-	-
D G Martin	Deferred shares	-	-
J van Kouterik	Deferred shares	-	-
J D Cawte	Deferred shares	-	-

No director had an interest in the shares of the company. The directors' interests in the issued share capital of the hold company, Black Teknigas Limited, are given in the accounts of that company.

RESULTS OF BUSINESS REVIEW

The company did not trade during the period and made neither a profit nor a loss.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



D G Martin - Director

Date 24th October 2008

Black Automatic Controls Limited

**Balance Sheet
31 December 2007**

	Notes	2007 £	2006 £
FIXED ASSETS			
Investments	2	<u>1,180,573</u>	<u>1,180,573</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,180,573</u>	<u>1,180,573</u>
CREDITORS			
Amounts falling due after more than one year	3	<u>1,109,281</u>	<u>1,109,281</u>
NET ASSETS		<u><u>71,292</u></u>	<u><u>71,292</u></u>
CAPITAL AND RESERVES			
Called up share capital	4	534,863	534,863
Other reserves	5	37,341	37,341
Profit and loss account	5	<u>(500,912)</u>	<u>(500,912)</u>
SHAREHOLDERS' FUNDS	8	<u><u>71,292</u></u>	<u><u>71,292</u></u>


The company is entitled to exemption from audit under Section 249AA(1) of the Companies Act 1985 for the year ended 31 December 2007

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2007 in accordance with Section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

The financial statements were approved by the Board of Directors on 24th October 2008 and were signed on its behalf by


D G Martin - Director

The notes form part of these financial statements

Black Automatic Controls Limited

**Profit and Loss Account
for the year ended 31 December 2007**

During the financial year and the preceding financial year the company has not traded and has received no income and incurred no expenditure. Consequently, during those periods the company has made neither a profit nor a loss.

The notes form part of these financial statements

Black Automatic Controls Limited

**Notes to the Financial Statements
for the year ended 31 December 2007**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

The company was dormant throughout the current year and previous year

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value

Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts

2 FIXED ASSET INVESTMENTS

	Actuated Controls Limited £
COST	
At 1 January 2007 and 31 December 2007	1,180,573
NET BOOK VALUE	
At 31 December 2007	1,180,573
At 31 December 2006	1,180,573

Black Automatic Controls Limited

Notes to the Financial Statements - continued for the year ended 31 December 2007

2 FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following

Actuated Controls Limited

Country of incorporation England & Wales

Nature of business Dormant

	% holding	2007 £	2006 £
Class of shares			
Ordinary	100.00		
Aggregate capital and reserves		<u>921,522</u>	<u>921,522</u>

The principle activity of Actuated Controls Limited was the manufacture and sale of valves and other controls for the gas and general industries until it sold its trade at close of business on 27 March 2002 as part of rationalisation of the group

The consideration for the transfer was based upon the book value of the subsidiary undertakings net assets, and took no account of goodwill inherent in the business. This resulted in an apparent over valuation of investments held in the company's books, though there was no overall loss to the group.

Schedule 4 of the Companies Act 1985 requires that, where such over valuations is expected to be permanent, the investment should be written down accordingly. The directors consider that the substance of the transaction was merely to reorganise the group's operations, such a treatment would fail to give a true and fair view.

3 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Amounts owed to group undertakings	154,874	154,874
Amounts owed to subsidiary undertaking	954,407	954,407
	<u>1,109,281</u>	<u>1,109,281</u>

Black Automatic Controls Limited

Notes to the Financial Statements - continued for the year ended 31 December 2007

4 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2007 £	2006 £
1,117,860	Ordinary	10p	111,786	111,786
423,077	Deferred	£1	423,077	423,077
			<u>534,863</u>	<u>534,863</u>

Allotted and issued Number	Class	Nominal value	2007 £	2006 £
1,117,860	Ordinary Share Capital	10p	111,786	111,786
423,077	Deferred Share Capital	£1	423,077	423,077
			<u>534,863</u>	<u>534,863</u>

a) Ordinary Shares

Redemption - on return of assets in a liquidation, holders are entitled to the return of the subscription price together with any balance

Voting - holders of the Ordinary shares are entitled to one vote per share at general meetings

b) Deferred Shares

Dividends - holders are not entitled to receive dividends in respect of their holding of Deferred shares

Redemption - upon winding up of the company, the holders are entitled to receive the amount of £1 per share after the sum of £10,000,000 shall have been paid to the holders of the Ordinary shares

Voting - holders are not entitled to receive notice of, attend or vote at general meetings

Full details of the rights attributable to the different classes of shares are given in the company's Articles of Association

Black Automatic Controls Limited

Notes to the Financial Statements - continued for the year ended 31 December 2007

5 RESERVES

	Profit and loss account £	Other reserves £	Totals £
At 1 January 2007	(500,912)	37,341	(463,571)
Profit for the year	-	-	-
At 31 December 2007	<u>(500,912)</u>	<u>37,341</u>	<u>(463,571)</u>

6 ULTIMATE PARENT COMPANY

The ultimate parent company is Watts Water Technologies Inc, a company incorporated in the United States of America. Copies of the consolidated financial statements of this company are available from its offices at Corporate Headquarters, 815 Chesnut Street, North Andover, MA 01845-6098 USA

Please refer to note re shareholdings

The immediate parent company is Black Teknigas Limited a company incorporated in England. Since 14 August, 2006 Black teknigas Limited has been owned by Watts Industries UK Limited a company incorporated in England

Watts Industries UK Limited is a wholly owned subsidiary of Watts Industries Europe BV, a company incorporated in Holland Copies of the financial statements are available from Watts Industries Europe BV, Kollergang 14, 6961 LZ Eerbeek, PO Box 98, 6960 AB Eerbeek, Netherlands

7 RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary and part of a group that publicly makes available its financial statements and, as such, is exempt from the requirement of FRS 8 Related Party Transactions to disclose transactions with other group undertakings

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	-	-
Opening shareholders' funds	<u>71,292</u>	<u>71,292</u>
Closing shareholders' funds	<u>71,292</u>	<u>71,292</u>