

# Alfa Laval Finance Limited

## Report and Financial Statements

31 December 2004

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# Alfa Laval Finance Limited

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Registered No: 252009

## **Directors**

N M Patel

N Gaul

## **Secretary**

N Gaul

## **Auditors**

Ernst & Young LLP

Wessex House

19 Threefield Lane

Southampton

SO14 3QB

## **Bankers**

Nordea Bank Finland plc

19 Thomas Moore Street

London

E1 W1YS

## **Registered office**

Alfa House

Doman Road

Camberley

Surrey

GU15 3DN

## Directors' report

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

### Results and dividends

The profit for the year, after taxation, amounted to £848,000. The directors do not recommend the payment of any dividends.

### Principal activities and review of the business

The principal activity of the company during the year was to provide finance to subsidiary companies of Alfa Laval Limited. The directors are satisfied with the current financial status of the company and its future prospects.

### Directors

The directors who served the company during the year were as follows:

N M Patel

J M A Ball (resigned 30<sup>th</sup> September 2004)

N Gaul (appointed 1 August 2005)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



N Patel  
Director

11/1/05

## **Statement of directors' responsibilities in respect of the financial statements**

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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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.

## **Independent auditors' report**

**to the members of Alfa Laval Finance Limited**

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of 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 auditors' 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 director's 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.

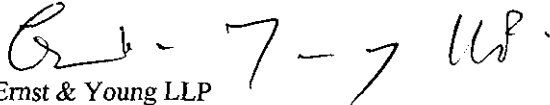
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Independent auditors' report**

**to the members of Alfa Laval Finance Limited** (continued)

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
Southampton

1 Sept 2005

## Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Interest receivable and similar income	5	2,069	1,940
Interest payable and similar charges	6	(806)	(529)
<b>Profit on ordinary activities before taxation</b>		<b>1,263</b>	<b>1,411</b>
Tax on profit on ordinary activities	7	(415)	(397)
<b>Profit on ordinary activities after taxation</b>		<b>848</b>	<b>1,014</b>
<b>Profit retained for the financial year</b>		<b>848</b>	<b>1,014</b>

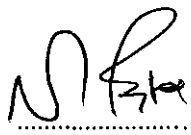
## Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £848,000 attributable to the shareholders for the year ended 31 December 2004 (2003 - profit of £1,014,000).

## Balance sheet

at 31 December 2004

	Notes	2004 £000	2003 £000
<b>Current assets</b>			
Debtors	8	36,435	34,623
Cash		19	-
<b>Creditors: amounts falling due within one year</b>	9	(33,400)	(32,417)
<b>Net current assets</b>		<u>3,054</u>	<u>2,206</u>
<b>Total assets less current liabilities</b>		<u>3,054</u>	<u>2,206</u>
<b>Capital and reserves</b>			
Called up share capital	11	856	856
Profit and loss account	12	<u>2,198</u>	<u>1,350</u>
<b>Equity shareholders' funds</b>	12	<u>3,054</u>	<u>2,206</u>

  
 ..... 11/10/05  
 N Patel  
 Director



## Notes to the financial statements

at 31 December 2004

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Cash flow statement*

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies legislation.

#### *Related parties transactions*

The company is a wholly owned subsidiary of Alfa Laval Limited, the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Alfa Laval AB group.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Finance lease receivables*

Income from finance leases is recognised over the primary period of the lease in proportion to the net funds invested.

### 2. Operating profit

This is stated after charging:

	2004 £000	2003 £000
Auditors' remuneration - audit services	—	—
- non-audit services	—	—
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Auditors' remuneration is borne by the immediate parent company, Alfa Laval Limited.

## Notes to the financial statements

at 31 December 2004

### 3. Staff costs

The company has no employees.

### 4. Directors' emoluments

None of the directors received remuneration during the year.

### 5. Interest receivable

	2004 £000	2003 £000
Bank interest receivable	12	-
Other interest receivable	-	4
Interest from group undertakings	2,057	1,936
	<u>2,069</u>	<u>1,940</u>

### 6. Interest payable and similar charges

	2004 £000	2003 £000
Bank interest payable	2	6
Interest payable to group companies	804	523
	<u>806</u>	<u>529</u>

## Notes to the financial statements

at 31 December 2004

### 7. Taxation on profit on ordinary activities

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2004 £000	2003 £000
<i>Current tax:</i>		
Adjustment in respect of prior years	36	(41)
Group relief payable	308	413
Total current tax (note 7(b))	<u>344</u>	<u>372</u>

#### *Deferred tax:*

Origination and reversal of timing differences	71	25
Tax on profit on ordinary activities	<u>415</u>	<u>397</u>

The tax charge may be offset by losses surrendered by group undertakings.

The accounts have been prepared based on the assumption that group relief will be paid for.

#### (b) Factors affecting current tax charge

The differences are reconciled below:

	2004 £000	2003 £000
Profit on ordinary activities before taxation	<u>1,263</u>	<u>1,411</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 – 30%)	379	423
Disallowed expenses and non-taxable income	-	-
Depreciation in excess of capital allowances	(71)	(10)
Adjustment in respect of prior years	36	(41)
Other timing differences	-	-
Total current tax (note 7(a))	<u>344</u>	<u>372</u>

#### (c) Deferred tax

The deferred taxation asset recognised in the financial statements is as follows:

	2004 £000	2003 £000
Accelerated capital allowances	100	171
Provision for deferred taxation	<u>100</u>	<u>171</u>

## Notes to the financial statements

at 31 December 2004

### 8. Debtors

	2004 £000	2003 £000
Amounts owed by group undertakings	36,335	34,278
Corporation tax repayable	-	167
Other debtors	-	7
Deferred taxation (note 7)	100	171
	<u>36,435</u>	<u>34,623</u>

### 9. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Bank overdraft	9,405	11,034
Amounts owed to group undertakings	23,170	20,866
Group relief payable	825	517
	<u>33,400</u>	<u>32,417</u>

The bank overdraft is secured upon the assets of the company and other UK based group companies via an unlimited multilateral guarantee. The bank overdraft is part of a cash pooling arrangement whereby the overdraft in Alfa Laval Finance is offset against surplus cash in other UK based group companies. At the balance sheet date the cash pool was in overall surplus.

### 10. Contingent liability

The company has entered into an unlimited multilateral guarantee arrangement guaranteeing the bank borrowing of other group undertakings, from which it is anticipated no material liability will arise.

### 11. Share capital

	2004 £000	Authorised 2003 £000
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<i>Allotted, called up and fully paid</i>	
	2004 £000	2003 £000
	No.	No.
Ordinary shares of £1 each	856,000	856,000
	<u>856</u>	<u>856</u>

## Notes to the financial statements

at 31 December 2004

### 12. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £000	<i>Profit and loss account</i> £000	<i>Total share- holders' funds</i> £000
At 1 January 2003	856	336	1,192
Profit for the year	—	1,014	1,014
At 31 December 2003	856	1,350	2,206
Profit for the year	—	848	848
At 31 December 2004	<u>856</u>	<u>2,198</u>	<u>3,054</u>

### 13. Ultimate parent company

The company's immediate parent undertaking is Alfa Laval Ltd, which in turn is wholly owned by Alfa Laval Holdings Limited. Both companies are registered in England and Wales.

The directors consider that the ultimate parent undertaking is Alfa Laval AB, a company incorporated in Sweden. Alfa Laval AB incorporates the company in its group financial statements which are both the smallest and largest financial statements in which the results of the group are incorporated. Copies of the group financial statements are available from PO Box 73, SE/221-00, Lund, Sweden.