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ALFA LAVAL FINANCE LIMITED

Report and Financial Statements

31 December 2001



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Alfa Laval Finance Limited

Registered No. 252009

DIRECTORS

L E Dahlgvist (resigned 1 June 2001)
A J Melhuish
NM Patel (appointed 1 June 2001)

SECRETARY

JMA Ball

AUDITORS

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

Nordea Bank Finland plc
19 Thomas Moore Street,
London
E1W 1Y

REGISTERED OFFICE

Alfa House
Doman Road
Camberley
Surrey
GU15 3DN

Alfa Laval Finance Limited

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year after taxation and before dividends amounts to £46,000 (2000: £214,000). No interim dividend was declared during the year (2000: £nil). The directors do not recommend the payment of a final dividend (2000: £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company operates as a leasing business and provides finance to subsidiary companies of Alfa Laval Limited.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year to 31 December 2001 are listed on page 1. None of the directors have interests in the shares of the company.

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



JMA Ball
Secretary

23 OCT 2002

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 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; 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 2001 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 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.

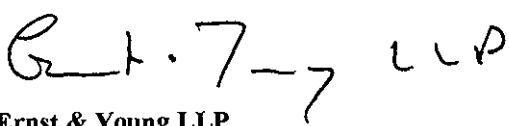
Basis of audit opinion

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 affairs of the company as at 31 December 2001 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

11 NOV 2002

Alfa Laval Finance Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	<i>Notes</i>	<i>2001 £000</i>	<i>2000 £000</i>
Administrative expenses		(4)	-
OPERATING LOSS	2	(4)	-
Interest receivable and similar income	3	2,518	2,317
Interest payable	4	(2,157)	(2,011)
		361	306
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		357	306
Tax on profit on ordinary activities	5	311	92
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED PROFIT FOR THE FINANCIAL YEAR		46	214
RETAINED PROFITS BROUGHT FORWARD		330	116
RETAINED PROFITS CARRIED FORWARD		376	330

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

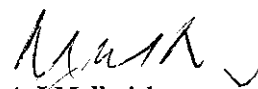
A statement of recognised gains and losses has not been prepared since there are no amounts other than those shown in the above profit and loss account.

Alfa Laval Finance Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Investments	6	1	1
CURRENT ASSETS			
Debtors - amounts falling due within one year	7	31,110	30,157
- amounts falling due after more than one year		26	984
Cash at bank and in hand		-	540
		31,136	31,681
CREDITORS: amounts falling due within one year	8	29,905	30,496
NET CURRENT ASSETS		1,231	1,185
TOTAL ASSETS LESS CURRENT LIABILITIES		1,232	1,186
PROVISION FOR LIABILITIES AND CHARGES	9	-	-
		1,232	1,186
CAPITAL AND RESERVES			
Called up share capital	10	856	856
Profit and loss account	11	376	330
SHAREHOLDERS' FUNDS - equity interests		1,232	1,186

Approved by the Board on **23 OCT 2002**


A.J. Melhuish
Director

Alfa Laval Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Finance lease receivables

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

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

2. OPERATING LOSS

This is stated after crediting:

- (a) Auditors' remuneration
Auditors' remuneration is borne by the immediate parent company, Alfa Laval Limited.
- (b) Directors' remuneration
None of the directors received remuneration during the year (2000: £nil).
- (c) Employees
The company has no employees.

3. INTEREST RECEIVABLE

	2001 £000	2000 £000
Interest receivable from group companies	2,395	2,287
Other interest received	79	-
Bank interest received	44	30
	<u>2,518</u>	<u>2,317</u>

4. INTEREST PAYABLE

	2001 £000	2000 £000
Bank loans and overdrafts repayable within five years	1	58
Interest payable to group companies	2,156	1,953
	<u>2,157</u>	<u>2,011</u>

Alfa Laval Finance Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
UK Corporation tax		
Current	(74)	161
Deferred	-	(69)
	(74)	92
Under provision in respect of prior years	385	-
	311	92

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.

6. INVESTMENTS

Listed investments:	£000
Cost:	
At 31 December 2000 and 31 December 2001	1
Valuation:	
Listed investments - market value	1

7. DEBTORS

	2001 £000	2000 £000
Amounts owed by parent undertakings	30,495	29,396
Amounts owed by other group companies	-	96
Finance lease debtors:- amounts owed by fellow subsidiary undertakings	330	1,649
- other	209	-
Corporation tax	28	-
Other debtors	74	-
	31,136	31,141

Included within amounts owed by fellow subsidiary undertakings is an amount of £26,329 which is due after more than one year (2000: £983,559).

Alfa Laval Finance Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

8. CREDITORS: amounts falling due within one year

	2001	2000
	£000	£000
Amounts owed to parent undertakings	20,941	201
Amounts owed to group undertakings	6,111	21,933
Bank overdraft	2,853	8,170
Corporation tax	-	166
Accruals	-	26
	<u>29,905</u>	<u>30,496</u>

The bank overdraft is secured upon the assets of the company and other UK based group companies via an unlimited multilateral guarantee.

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2001	2000
	£000	£000
Deferred taxation	-	-
	<u>-</u>	<u>-</u>

	<i>Provided</i>		<i>Unprovided</i>	
	2001	2000	2001	2000
	£000	£000	£000	£000
Capital allowances in advance of rents receivable (asset)	-	-	(204)	-
	<u>-</u>	<u>-</u>	<u>(204)</u>	<u>-</u>

10. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2001	2000	2001	2000
	£000	£000	£000	£000
Ordinary shares of £1 each	1,000	1,000	856	856
	<u>1,000</u>	<u>1,000</u>	<u>856</u>	<u>856</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2001

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 31 December 2000	856	330	1,186
Profit for the year	-	46	46
At 31 December 2001	<u>856</u>	<u>376</u>	<u>1,232</u>

12. 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.

13. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of a parent undertaking whose accounts are publicly available, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with its parent and fellow subsidiary undertakings.

14. ULTIMATE PARENT UNDERTAKING

The company is a member of Alfa Laval Holdings Limited, a company registered in England and Wales.

The directors consider that the ultimate parent undertaking is Alfa Laval AB, a company incorporated in Sweden.

The parent undertaking of the largest and smallest groups of undertakings of which the company is a member and for which group accounts are drawn up is Alfa Laval AB, and accounts are available from PO Box 73, SE-221 00 Lund, Sweden.